

ALASKA LEGISLATURE

1296

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

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

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

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	166.5	114.5	62.5	62.5	62.5	62.5
TRAVEL	16.0	16.0	0.0	0.0	0.0	0.0
CONTRACTUAL	776.4	145.5	3.5	3.5	3.5	3.5
SUPPLIES	1.5	1.0	0.0	0.0	0.0	0.0
EQUIPMENT	12.0	0.0	0.5	0.5	0.5	0.5
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	972.4	277.0	66.5	66.5	66.5	66.5

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

(Thousands of Dollars)

1002 Federal Receipts	486.2	138.5	33.2	33.2	33.2	33.2
1003 GF Match	486.2	138.5	33.3	33.3	33.3	33.3
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	972.4	277.0	66.5	66.5	66.5	66.5

POSITIONS:

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

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

ANALYSIS: (Attach a separate page if necessary)

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

Continued on page 2

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

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

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ANALYSIS (cont.):

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

Assumptions:

The EIS modification project begins when the bill is enacted.

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

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

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

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

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

Calculations:

FY 96			
1	Project Coordinator	R19	62.5
2	Public Assistance Analysts	R16	104.0
	Travel		16.0
	Equipment		12.0
	Office space, phones, postage, fax		10.5
	Supplies		1.5
	System Contract		<u>765.9</u>
	Total		972.4

ANALYSIS (cont.):

FY 97

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

FY 98 thru FY 01:

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

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

**REQUEST for
NEW POSITION**

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

Page 1 of 1

Revised Date:

FY96

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

**REQUEST for
NEW POSITION**

AGENCY: **Health and Social Services**

BRU: **Public Assistance Administration**

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

Page 1 of 1

Revised Date: 3/28/95

FY96

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

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

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

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	300.0	300.0	300.0	300.0	300.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	94.5	136.1	146.0	157.0	170.4
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	394.5	436.1	446.0	457.0	470.4

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

(Thousands of Dollars)

1002 Federal Receipts	0.0	197.2	218.0	223.0	228.5	235.2
1003 GF Match	0.0	197.3	218.1	223.0	228.5	235.2
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	394.5	436.1	446.0	457.0	470.4

POSITIONS:

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

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

ANALYSIS: (Attach a separate page if necessary)

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

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

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

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

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

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

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

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

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

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

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

ANALYSIS (cont.):

\$37/month average transportation cost for FY97.

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

2.5% inflation rate for each year.

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

Unemployed Parent Project - Supportive Service Calculations:

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

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

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

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

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	152.0	272.3	289.3	300.0	308.7
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	152.0	272.3	289.3	300.0	308.7
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	76.0	136.1	144.6	150.0	154.3
1003 GF Match	0.0	76.0	136.2	144.7	150.0	154.4
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	152.0	272.3	289.3	300.0	308.7

POSITIONS:

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

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

ANALYSIS: (Attach a separate page if necessary)

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

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

Prepared by: Jim Nordlund, Director
Division: Division of Public Assistance

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

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

Date: 5/5/95

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ANALYSIS (cont.):Assumptions:

FY96 is a planning year, with no participants.

Project is operational July 1, 1996.

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

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

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

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

Child care inflation rate is 2.5% a year.

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

Child Care Calculations:

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

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

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

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

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(12.7)	(78.8)	(160.4)	(169.4)	(179.9)	(190.0)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(12.7)	(78.8)	(160.4)	(169.4)	(179.9)	(190.0)
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1050 PFD Funds	(12.7)	(78.8)	(160.4)	(169.4)	(179.9)	(190.0)
TOTAL	(12.7)	(78.8)	(160.4)	(169.4)	(179.9)	(190.0)

POSITIONS:

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

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

ANALYSIS: (Attach a separate page if necessary)

PFD Hold Harmless payments replace AFDC benefits when receiving the dividend causes individuals to lose eligibility or to have benefits reduced. The AFDC Demonstration project produces savings in the AFDC Component. PFD Hold Harmless costs change in direct proportion to the costs of the programs held harmless.

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

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ANALYSIS (cont.):

Assumptions:

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

Calculations:

**PFD HOLD HARMLESS SAVINGS
FROM AFDC DEMONSTRATION PROJECTS**

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

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am

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

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

Expenditures/Revenues:

(Thousands of Dollars)

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

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

	FY96	FY97	FY98	FY99	FY00	FY01
1002 Federal Receipts	20.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	20.0	0.0	0.0	0.0	0.0	0.0
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
TOTAL	40.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

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

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

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

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FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am

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

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

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(107.7)	(454.4)	(676.7)	(764.7)	(842.8)	(926.2)
MISCELLANEOUS						
TOTAL OPERATING	(107.7)	(454.4)	(676.7)	(764.7)	(842.8)	(926.2)

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	(53.9)	(227.2)	(338.3)	(382.3)	(421.4)	(463.1)
1003 GF Match	(53.8)	(227.2)	(338.4)	(382.4)	(421.4)	(463.1)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
TOTAL	(107.7)	(454.4)	(676.7)	(764.7)	(842.8)	(926.2)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

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

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

See analysis on the attached pages.

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

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

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ANALYSIS (cont.):**GENERAL ASSUMPTIONS**

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

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

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

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

DELINQUENT CHILD SUPPORT COLLECTIONS

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

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Average Monthly Closures (1 adult)	100	110	121	133	146	161
Average Monthly Closures (1 child)	100	110	121	133	146	161
Adult Medicaid Savings	(\$142,200)	(\$326,040)	(\$374,616)	(\$429,324)	(\$492,312)	(\$566,076)
Children Medicaid Savings	(\$82,200)	(\$188,760)	(\$216,348)	(\$248,976)	(\$285,576)	(\$328,440)
CHILD SUPPORT SAVINGS	(\$224,400)	(\$514,800)	(\$590,964)	(\$678,300)	(\$777,888)	(\$894,516)

MINOR PARENT ASSISTANCE

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

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

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

Case load will increase 1% per year.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Decreased months of Medicaid	0	60	61	62	63	64
MINOR PARENT SAVINGS	0	(8,580)	(9,089)	(9,672)	(10,269)	(11,880)

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

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

ANALYSIS (cont.):

INCOME DISREGARD . . . (cont.)

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

WORKFARE

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

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

AFDC UNEMPLOYED PARENT PROJECT

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

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

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

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adult Sanctions	0	22	24	33	34	36
Adult Denials (2 adults)	0	44	46	48	52	54
Adult Closures (2 adults)	0	14	16	16	18	18
Child Denials (1.3 children)	0	29	30	31	34	35
Child Closures (1.3 children)	0	9	10	10	12	12
Adults Going Off Caseload for 6.5 mo.	\$0	(\$128,440)	(\$144,222)	(\$169,605)	(\$189,956)	(\$205,686)
Children Going of Caseload for 6.5 mo.	\$0	(\$35,321)	(\$38,740)	(\$41,574)	(\$48,737)	(\$51,935)
UP PROJECT SAVINGS	\$0	(\$163,761)	(\$182,962)	(\$211,179)	(\$238,693)	(\$257,621)

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

ANALYSIS (cont.):

INCOME DISREGARD . . . (cont.)

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

WORKFARE

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

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

AFDC UNEMPLOYED PARENT PROJECT

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

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

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

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adult Sanctions	0	22	24	33	34	36
Adult Denials (2 adults)	0	44	46	48	52	54
Adult Closures (2 adults)	0	14	16	16	18	18
Child Denials (1.3 children)	0	29	30	31	34	35
Child Closures (1.3 children)	0	9	10	10	12	12
Adults Going Off Caseload for 6.5 mo.	\$0	(\$128,440)	(\$144,222)	(\$169,605)	(\$189,956)	(\$205,686)
Children Going of Caseload for 6.5 mo.	\$0	(\$35,321)	(\$38,740)	(\$41,574)	(\$48,737)	(\$51,935)
UP PROJECT SAVINGS	\$0	(\$163,761)	(\$182,962)	(\$211,179)	(\$238,693)	(\$257,621)

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

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

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

DIVERSION PROGRAM:

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

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adults in Diversion Program	0	120	239	241	243	245
Children in Diversion Program	0	120	239	241	243	245
Total Diversion Participants	0	240	478	482	486	490
55% Complete Diversion Program	0	132	263	265	267	270
Adult Medicaid Savings	\$0	(\$73,359)	(\$305,343)	(\$320,783)	(\$337,622)	(\$355,995)
Child Medicaid Savings	\$0	(\$42,471)	(\$176,342)	(\$186,030)	(\$195,845)	(\$206,550)
DIVERSION PROGRAM SAVINGS	\$0	(\$115,830)	(\$481,685)	(\$506,813)	(\$533,467)	(\$562,545)

SUMMARY OF DIVISION SAVINGS

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Child Support Collections	(\$224,400)	(\$514,800)	(\$590,964)	(\$678,300)	(\$777,888)	(\$894,516)
Minor Parent Assistance	\$0	(\$8,580)	(\$9,089)	(\$9,672)	(\$10,269)	(\$10,880)
Disregards/Waiver/Auto provisions	\$0	\$14,040	\$19,536	\$20,400	\$21,312	\$22,224
Workfare Project	\$0	(\$143,735)	(\$150,014)	(\$156,624)	(\$163,625)	(\$170,625)
AFDC Unemployed Parent Project	\$0	(\$163,761)	(\$182,962)	(\$211,179)	(\$238,693)	(\$257,621)
Self-Employment Project	\$0	(\$14,040)	(\$14,652)	(\$51,000)	(\$53,280)	(\$55,560)
Diversion Program	\$0	(\$115,830)	(\$481,685)	(\$506,813)	(\$533,467)	(\$562,545)
TOTAL SAVINGS	(\$224,400)	(\$946,706)	(\$1,409,830)	(\$1,593,188)	(\$1,755,910)	(\$1,929,523)
MEDICAID FACILITIES (52%)	(\$116,688)	(\$492,287)	(\$733,112)	(\$828,458)	(\$913,073)	(\$1,003,352)
MEDICAID NON-FACILITIES (48%)	(\$107,712)	(\$454,419)	(\$676,718)	(\$764,730)	(\$842,837)	(\$926,171)

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am

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

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

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(116.7)	(492.3)	(733.1)	(828.5)	(913.1)	(1,003.4)
MISCELLANEOUS						
TOTAL OPERATING	(116.7)	(492.3)	(733.1)	(828.5)	(913.1)	(1,003.4)

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
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FUND SOURCE

(Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

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

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

See analysis on the attached pages.



Prepared by: Jon Sherwood
 Division: Medical Assistance

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

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

Date: 5/5/95

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

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Adult Denials (1 adult)	0	9	9	9	9	9
Adult Closures (1 adult)	0	42	42	42	42	42
Child Denials (1 child)	0	9	9	9	9	9
Child Closures (1 child)	0	42	42	42	42	42
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Child Denials (1.3 children)	0	29	30	31	34	35
Child Closures (1.3 children)	0	9	10	10	12	12
Adults Going Off Caseload for 6.5 mo,	\$0	(\$128,440)	(\$144,222)	(\$169,605)	(\$189,956)	(\$205,686)
Children Going of Caseload for 5.5 mo.	\$0	(\$35,321)	(\$38,740)	(\$41,574)	(\$48,737)	(\$51,935)
UP PROJECT SAVINGS	\$0	(\$163,761)	(\$182,962)	(\$211,179)	(\$238,693)	(\$257,621)

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

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

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

DIVERSION PROGRAM:

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

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adults in Diversion Program	0	120	239	241	243	245
Children in Diversion Program	0	120	239	241	243	245
Total Diversion Participants	0	240	478	482	486	490
55% Complete Diversion Program	0	132	263	265	267	270
Adult Medicaid Savings	\$0	(\$73,359)	(\$305,343)	(\$320,783)	(\$337,622)	(\$355,995)
Child Medicaid Savings	\$0	(\$42,471)	(\$176,342)	(\$186,030)	(\$195,845)	(\$206,550)
DIVERSION PROGRAM SAVINGS	\$0	(\$115,830)	(\$481,685)	(\$506,813)	(\$533,467)	(\$562,545)

SUMMARY OF DIVISION SAVINGS

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Child Support Collections	(\$224,400)	(\$514,800)	(\$590,964)	(\$678,300)	(\$777,888)	(\$894,516)
Minor Parent Assistance	\$0	(\$8,580)	(\$9,089)	(\$9,672)	(\$10,269)	(\$10,880)
Disregards/Waiver/Auto provisions	\$0	\$14,040	\$19,536	\$20,400	\$21,312	\$22,224
Workfare Project	\$0	(\$143,735)	(\$150,014)	(\$156,624)	(\$163,625)	(\$170,625)
AFDC Unemployed Parent Project	\$0	(\$163,761)	(\$182,962)	(\$211,179)	(\$238,693)	(\$257,621)
Self-Employment Project	\$0	(\$14,040)	(\$14,652)	(\$51,000)	(\$53,280)	(\$55,560)
Diversion Program	\$0	(\$115,830)	(\$481,685)	(\$506,813)	(\$533,467)	(\$562,545)
TOTAL SAVINGS	(\$224,400)	(\$946,706)	(\$1,409,830)	(\$1,593,188)	(\$1,755,910)	(\$1,929,523)
MEDICAID FACILITIES (52%)	(\$116,688)	(\$492,287)	(\$733,112)	(\$828,458)	(\$913,073)	(\$1,003,352)
MEDICAID NON-FACILITIES (48%)	(\$107,712)	(\$454,419)	(\$676,718)	(\$764,730)	(\$842,837)	(\$926,171)

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CSHB78(FIN)am

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

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

Expenditures/Revenues:

(Thousands of Dollars)

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

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

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

POSITIONS:

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

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

ANALYSIS: (Attach a separate page if necessary)

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

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

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

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

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

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ANALYSIS (cont.):

also be necessary.

Contract Clinical Social Worker (12 months)

Intake Assessment/Evaluation

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

Re-evaluations for maintenance caseload

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

Social Worker IV Range 18 Juneau State Office \$58.9

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

TOTAL \$113.9

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am

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

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

Expenditures/Revenues:

(Thousands of Dollars)

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

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

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

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

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

There is no impact on FY95.

Prepared by: Peter M. Nakamura, MD, MPH
 Division: Public Health
 Approved by Commissioner: Karen Perdue, Commissioner
 Agency: Department of Health & Social Services

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

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Representative Mark Hanley

Alaska State Legislature

SPONSOR STATEMENT

CS for HOUSE BILL 78(FIN) am

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

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

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

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

CSHB 78 incorporates the Child Support Nonpayment Licensing Restriction and Revocation measures of SB109(L&C). The legislation will allow for withholding of occupational licenses and driver's licenses from individuals who are in arrears on an obligation to pay child support and are not adhering to an

established payment schedule. 39,000 Alaskan parents currently owe over \$330 million in uncollected back child support payments, according to CSED. 18,597 CSED payees receive AFDC. This measure will provide a means to collect some of these old debts from self-employed obligors who currently are not subject to wage withholdings.

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

America is ready to "end welfare as we know it". Many states are using waiver projects to develop alternatives to the tradition of welfare; it is time for Alaska, with its growing welfare rolls and dwindling revenues, to step up to the plate. CSHB 78 is an important piece of legislation; a step towards breaking the cycle of dependence on welfare by rewarding hard work.

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

WELFARE REFORM

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

BY JOHN ENGLER

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

The time to solve the welfare crisis is now.

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

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

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

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

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

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

What Republican governors are doing Michigan

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

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

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

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

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

The results so far have been impressive. Three out of four welfare parents voluntarily participated in the Social Contract. More than one out of four are working and earning income compared with fewer than one in 10 nationwide. As a result, nearly 50,000 cases have been closed due to income from employment. Welfare caseloads have fallen to the lowest level since 1975. Over its first two years, the program has saved Michigan taxpayers more than \$100 million.

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

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

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

Wisconsin

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

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

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

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

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

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

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

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

Minnesota

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

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

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

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

Massachusetts

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

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

California

When California Gov. Pete Wilson took office in 1991, he inherited a welfare system that had more than 2 million AFDC recipients statewide and a caseload growth rate of 12 percent a year. Those who chose work over welfare were actually being penalized for their efforts.

By removing disincentives to work, cracking down on fraud, reducing AFDC grants by more than 14 percent and encouraging self-reliance through education and job skills, Gov. Wilson has helped his state save nearly \$7 billion since 1991.

"We've got to change a system that teaches generation after generation that welfare is a perfectly acceptable career choice," said Wilson.

We have to change the system, and change it we will. Republicans have the right answers.

What the nation can do

As co-chairman of the National Governors' Association's Welfare Reform Leadership Team, I am fortunate to be among a handful of state leaders who have been working closely with House Speaker Newt Gingrich, Senate Majority Leader Bob Dole and members of Congress in a bipartisan effort to establish a plan to end welfare as we know it.

At the NGA winter meeting in Washington earlier this year, two possible approaches to an overhaul of the federal welfare system surfaced. One, endorsed by every Republi-

new path to independence—as soon as possible

can governor in attendance, would send main control of welfare back to the states for administration by way of eight block grants rather than through the 300-plus current programs. The other, supported by Democrats, would continue welfare as an entitlement and maintain significant federal involvement.

The Republican way is the only—and best—way for this country to go.

Each of the 50 states that shape this great nation has to be given the freedom to become the laboratory of democracy it was intended to be. We must be free from federal micromanagement and the burdensome rules and regulations that current federal welfare programs produce.

Block grants will allow states like Michigan to design and implement innovative efforts to reduce caseloads, increase self-sufficiency, strengthen families and keep them together. They will give the states the flexibility to be different and creative in our strategies to reform welfare and restore hope.

Here is my vision for a new state-federal partnership:

- The federal government will set broad outcomes for each block grant with individual states determining how best to reach those outcomes. These outcomes might include reductions in out-of-wedlock teen pregnancies, employment rates among public assistance recipients and length of time on assistance.
- The states will be responsible for developing spending plans for federal funds, but federal approval should *not* be required to receive funding or to implement plans.
- Independent audits will be conducted to ensure states are spending resources in accordance with their state plans.
- The federal government should work with the states to improve interstate child-support enforcement.
- States will be allowed to carry forward unexpended funds from one fiscal year to the next and to create "rainy day funds" to balance spending in times of economic hardship. Funds will also be transferable from one block grant to another.
- States will determine eligibility for assistance programs.
- And, with each block grant, the states will agree to a set limit in federal funding. In some cases, that may mean a freeze in federal support. In others, states might try to achieve a substantial reduction from current growth rates.

For example, Medicaid costs are skyrocketing. Both state and federal spending combined doubled to nearly \$144 billion between 1990 and 1994. And Medicaid spending in 1995 is expected to reach \$157 billion—a growth

rate of around 10 percent annually. With the freedom of a Medicaid block grant, I believe the states can cut that growth rate in half. We estimate the cumulative savings over the next five years at between \$90 billion and \$100 billion. Combined with the additional savings from the other eight block grants, total savings could amount to as much as \$140 billion by the year 2000—a savings that would come in handy in trying to balance the federal budget.

Regardless of the number of dollars that may be saved by a new system, we must always remember that the best welfare program is a private sector job and that the goal of welfare must be getting folks off welfare—and on a new path to independence—as soon as possible.

It is increasingly obvious that government cannot be a parent and cannot replace the family, but government can be a partner.

Government's role in this partnership would be to ensure a business climate that produces available and accessible entry-level jobs that would bridge the gap between the welfare rolls and private payrolls for aid recipients. Each state should also require those who receive assistance to begin their journey toward self-sufficiency.

Working together as communities, we can tap the ability of each individual to help and to be responsible. We can achieve this through more cooperative and innovative efforts that originate at the neighborhood level and involve churches, synagogues, civic groups and families.

The private and nonprofit sectors of our economy are also crucial to the success of any new welfare system, and I believe they would respond to this challenge as they have throughout our history.

The only way those caught in the cycle of poverty and dependence will free themselves is if they are willing to make the difficult climb to employment and willing to commit themselves to stay there. The only way the federal government can free itself from the welfare mire is by empowering the states and local communities to take on the task of rebuilding a system that works.

Our measure of success? Not the number of programs or the number of people served, but the number of people who don't need our help because they have achieved independence.

The window of opportunity that is open to make lasting and meaningful change in welfare will not stay open forever. We need to be bold, we need to be creative and we need to act now. ■



FW
FORWARD

FEBRUARY 15, 1994 • VOLUME 162, No. 4

Off the **Dole**

A blueprint for meaningful welfare reform,
including discouraging illegitimacy,
enforcing work rules and setting time limits.

BY DAN CORDTZ



THE MOST UNPOPULAR AND CONTROVERSIAL GOVERNMENT program by far is welfare. Politicians of every stripe are keenly aware of that fact. That's why one of candidate Bill Clinton's favorite campaign mantras was the promise "to end welfare as we know it." Yet after more than a year in the White House, President Clinton has yet to send a reform proposal to Congress. In fact, the President recently told his legislative strategists to put welfare on the back burner to avoid distracting attention from his health care plan.

That was too much for Daniel Patrick Moynihan (D-N.Y.), chairman of the Senate Finance Committee and Congress's leading expert on welfare. He complained that the President was using welfare reform as "boob bait for the Bubbas" but was "appointing people who have no intention of doing it." Moynihan, whose committee will also play a leading role in a health care bill, added that he "might just hold health care hostage." Later, he declared, "We don't have a health care crisis in this country. We do have a welfare crisis."

So the President will probably find himself grappling with the welfare tar baby a lot sooner than he would like to—and the experience is not likely to be any more satisfying than it was for Presidents Nixon, Carter and Reagan, all of whom tried without success to reform the system.

What should be done about welfare? To answer that question, it is first necessary to understand what it is about welfare that so irritates and frustrates the public. Americans are, after all, basically generous and compassionate. Most of them would not deny help to the needy. And although the welfare rolls have doubled in the past two decades, it's not primarily the cost that infames people. As a share of government spending, the welfare burden has actually grown lighter in recent years. Aid to Families with Dependent Children (AFDC)—the central welfare program—claimed just 1.1% of last year's federal budget, against 1.5% in 1975. That's a minuscule item compared with other social expenditures such as Social Security retirement benefits. Average monthly cash payments have fallen from \$542 in 1975 to \$376 (in 1993 dollars).

"The public is known to want a program that is relatively

"The public is known to want a program that is relatively generous, but at the same time makes clear-cut demands on the recipients to function."

generous, more so than what we have," says Lawrence Mead, a professor at New York University and the conservative author of *The New Politics of Poverty*, "but one that at the same time makes clear-cut demands on the recipients of benefits to function. The present program doesn't do either of those things."

That's the nub. Americans don't mind paying for social programs if they think the programs work. In the case of welfare, they don't. In fact, there is a widespread perception that welfare has made matters worse. That belief is only partially justified. The truth is that for more than half of the 5 million families drawing benefits, welfare pretty much accomplishes what it's supposed to: provide short-term help

to families who are going through a temporary period of unemployment, disability or other financial distress. They are what most Americans consider the deserving poor, for whom voters are prepared to offer more generous assistance.

But in Moynihan's words, "There is a difference between people who have some trouble come into their lives and those whose whole lives are in trouble." There is another group that has grown rapidly in recent years for which the public has little or no sympathy. It consists of people, many of them unwed mothers, who make no apparent effort to find jobs, but spend longer and longer periods drawing benefits—rearing children who have never known any other life and who often grow up to give birth to illegitimate children of their own. It is these "undeserving poor," and the public conviction that neither they nor the welfare system is doing enough to straighten out their lives, that prompt angry demands for radical change or even abolition of welfare.

Thus, any reform that will satisfy the American people must address two closely linked problems: the high and still rising number of single-parent families and the low and still declining level of work effort among the poor. There is very little controversy about such a proposition. There are, however, substantial differences among politicians and experts about what to do about the problems.

In theory, the ultimate objective of welfare reform should be



to eliminate—or at least minimize—the need for the program. That means substituting private income for the government benefits paid to the mothers who head 90% of the 5 million families now on welfare.

First, the states, which administer AFDC and set standards within a framework established by Congress, should make a much more vigorous effort to increase the amount of support provided by the fathers of the 9 million welfare children. The average single mother now receives only about \$1,000 a year in child support and alimony. Only one absent father in 20 contributes as much as \$2,500 a year.

Since 1975 states have been required to help women collect support from the fathers of welfare children. Starting this year, employers must withhold court-ordered support money from the father's paycheck, and next year states must set up computerized systems to see that employers comply. Still, there are some large loopholes. It's usually up to the mother to make a complaint when payments aren't made. And in a country as mobile as the U.S., many fathers move to other states and escape their obligations. States should be required to monitor payments automatically, and there should be an interstate clearinghouse to make collection easy across the country.

Skeptics who question the value of chasing deadbeat dads frequently argue that it won't raise enough money to be worth the trouble. But according to the Census Bureau, if all the mothers eligible to claim child support actually received an amount that the fathers could afford to pay, it would total \$36 billion a year. That's \$25 billion more than they collect now, and 60% more than the entire cost of AFDC.

No one believes we could ever approach that figure, but it certainly should be possible to double the amount that now comes in. So setting child support awards of a reasonable size and then seeing to it that they are collected should be an essential part of welfare reform.

The case of unwed mothers poses another complication. Of the more than 1 million illegitimate children born each year, paternity is established for only 30%. One major reason is that no effort is usually made to determine the father until the mother applies for welfare, and by then the child may be several years old. Clearly, states should set up programs that routinely establish paternity in the hospital when the child is born,

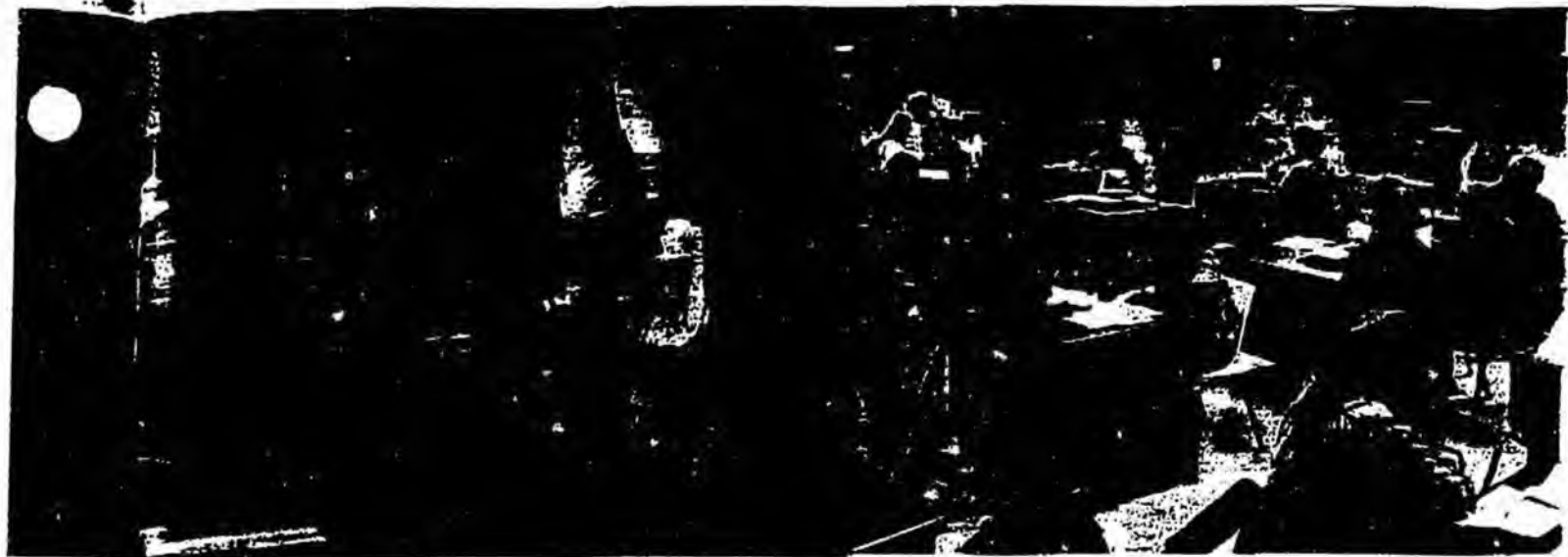
as Virginia and Washington now do.

Two thirds of the fathers of illegitimate children actually come to the hospital. Yet only a handful of states now try to establish paternity at birth. If paternity must be determined later, the process should be drastically simplified. In some states, it now takes many court hearings even in simple cases. With today's DNA testing, which permits 99% accuracy, paternity can and should be quickly and easily determined.

Three decades ago, Daniel Patrick Moynihan, then a young assistant secretary in the Department of Labor, wrote a research paper describing the social disorder in urban ghettos and blaming it on the precipitous decline in the number of black two-parent families. The Moynihan Report, as it came to be called, was roundly attacked by many black leaders and white liberals—but in recent years the consequences of heavy concentrations of single-parent families have become all too obvious. With few employed male role models present, and with a large proportion of female family heads on welfare, many neighborhoods have become centers of drugs, crime, illegitimacy and dependency. So the importance of doing something to reverse the growth of single-parent households goes far beyond any saving in welfare benefits. Precisely what to do is probably the toughest of all the questions about welfare.

Charles Murray, whose 1984 book *Losing Ground* charged that government social programs had hurt rather than helped the poor, contends that the ready availability of welfare benefits has played a major role in the decline of two-parent families—and most Americans probably intuitively agree with him. Many experts concede that the welfare option probably has contributed to a significant number of divorces among poor couples, but the vast majority of researchers reject Murray's claim that easily available benefits have prompted unmarried women to have babies. Indeed, many studies have tried and failed to find any correlation between the level of payments from state to state and variations in illegitimacy rates.

In a recently published article in *American Enterprise*, however, Murray plotted the illegitimacy rate among black women against the value of the total "welfare package," including food stamps, Medicaid and housing subsidies, and showed that the two rose sharply from 1960 to the early 1970s. That, he insists, proves a cause-and-effect relationship. After 1973, Murray ac-



“There is a difference between people who have some trouble come into their lives and those whose whole lives are in trouble.”

fare mothers are not economically irrational. Many will take steps to avoid pregnancy. And even if such a rule doesn't reduce the illegitimacy rate much, why should states hand out rewards with money from taxpayers who undoubtedly disapprove of the recipients' behavior? As one New Jersey official points out, a poor working mother does not get a pay raise when she has another child.

The second and by far the most important way to boost the income of families on welfare is to get the head of the household on someone's payroll. Indeed, it is the sharp drop in work effort by the poor that is mainly responsible for the 100% increase in welfare recipients in the past two decades. According to Mead,

whose book is an exhaustive study of the poor and their working habits, “In 1989, less than half the heads of poor families had any earnings at all, a drop of nearly a fifth since 1959, when over two thirds were employed. The proportion in full-time, full-year work has dropped by half, to only 16% in 1989. Correspondingly, the share of heads of poor households without work has risen from less than a third to over half.” The way out of poverty and off welfare, Mead says, is clear: Get a job.

Plainly, incentives to work must be at the heart of welfare reform—and they should include both the carrot of making work more financially rewarding and the stick of insisting that welfare recipients not reject the opportunity to work. Sociologist Christopher Jencks, author of *Rethinking Social Policy*, argues that “the simplest way of helping single mothers who work is to let all single mothers collect AFDC, regardless of how much outside income they get. This approach would, in effect, convert AFDC into a child support system for single mothers.” Most European countries already provide some sort of child allowance, but the idea has little support in the U.S. For one thing, it would send the cost of AFDC up from today's \$22 billion a year to more than \$35 billion.

But we should eliminate the so-called “poverty trap” by liberalizing regulations that govern the amount welfare families can earn without surrendering all their benefits. Under the so-called “30 and a third” rule, adopted in 1967, there is already

knowledges, benefits began to drop but illegitimacy continued to increase. The reason, he argues, is that “many of the social restraints on illegitimacy erode as out-of-wedlock births become more common.” The big rise in benefits during the 1960s, he says, “was indeed a major culprit in jacking up the illegitimacy ratio, but the increased prevalence took on a life of its own in the 1970s.”

Murray's prescription is simply to end welfare altogether—throwing unwed mothers back on their families or charity—and he points out that this was government policy until the 1960s. There is no chance that such a thing will happen, but it is important to remove as many incentives to unwed motherhood as possible.

One possibility is to deny a separate housing allowance to teenage mothers, requiring them to remain with their parents. Knowing that such a policy is in effect might well prompt parents to exercise more control over their young daughters' behavior. It would also discourage girls from having babies simply to get out on their own at government expense.

Demetra Nightingale, a welfare expert at the Urban Institute, objects to this idea for a number of reasons. To begin with, she says, the problem is not as great as people imagine. “The share of unwed teenage mothers on welfare is not large, and it's going down,” she says. “Besides, most teenage mothers already live with their parents.” Moreover, she adds, any such requirement would have to allow for many exceptions. “Many of these girls are subjected to physical and sexual abuse in their homes, or are exposed to drug use. Keeping them there would endanger them and their children.”

* Even so, welfare officials can screen applicants and determine which young mothers simply like the idea of having their own apartments. The number may not be impressive, but a lot of welfare reform will have to be at the margins.

That principle also supports the idea of refusing to increase additional payment to a woman who has another child while drawing welfare benefits. New Jersey, Georgia and Wisconsin already have such a rule. It should be made universal.

Although this may seem to penalize the innocent child, wel-

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some incentive for welfare recipients to do some work. In setting benefits, local welfare agencies must disregard an applicant's first \$30 of monthly income plus one third of earnings over \$30. But someone who works full-time, even for the minimum wage, will usually lose all benefits—and possibly Medicaid coverage and food stamps along with them.

Allowable earnings should be increased, and it's likely that voters would not object. Polls have shown that most Americans believe a family earning less than \$15,000 a year is poor, so as long as the total of all benefits (including Medicaid, food stamps and housing subsidies), plus earned income is below that level, a good argument can be made for continuing to give financial aid. It will not save money, and it will not truly "get people off welfare," but it will help lift families out of poverty and reinforce their commitment to the work ethic.

If we make it more rewarding, most experts agree, the overwhelming majority of welfare recipients will want to work. That then poses the problem of locating—or if necessary, providing—a job and seeing to it that the welfare client can take it. The old argument that there are no jobs to be had is seldom heard nowadays. Almost everyone agrees that jobs are available, and even if they are for low wages, they offer people on welfare an opportunity to enter the private economy, to cultivate work habits, to get some experience and perhaps move up. Disparaging comments by some union officials and political liberals about "hamburger-flipping jobs" ignore the fact that employees of fast-food restaurants sometimes go on to become managers or even franchise owners.

But can young welfare mothers, most of them high-school dropouts, qualify for the jobs that are available? There is evidence that even the least skilled can perform some form of needed work. Officials of America Works, a profit-making firm in New York City that contracts with local government agencies to place welfare clients in private sector jobs, declare that "we can find anyone a job." The company puts applicants on its own payroll at the minimum wage, provides them to other firms as temporaries and then moves them into regular jobs. Only then does America Works receive a fee from the city. This kind of innovative partnership with the private sector should be expanded, but there are government placement programs that are also highly successful—for example, in San Diego and

Riverside County, Calif. What almost all of them have in common is a focus on putting people to work quickly, without spending weeks and months on education and training programs. "You have to get people on the job first, and let the employer train them," says an America Works official.

Although it is not, strictly speaking, a function of welfare, training by private companies should be strongly encouraged, even if it has to be backed by tax incentives. It is important that individuals see work as an opportunity, not a dead end. It is even more important to business and the economy that we expand the pool of skilled workers. So while the government should not continue to waste money on long-term schemes of the sort that have failed so miserably in the past, it should support the efforts of private enterprise, and of ambitious poor people, to further their education and training.

Since almost all welfare recipients are single mothers, going to work raises the issue of child care. This is not really as big an obstacle as it is sometimes made out to be. Surveys have shown that most working welfare mothers prefer informal child care by friends, neighbors or relatives to day care centers or nursery schools. Only one in five relies on a center, and even when free care is offered as part of a government program, mothers often turn it down.

Still, there are without question some mothers for whom day care would make the difference between working and not working, so there should be allowances to cover the cost. Indeed, providing day care might well be a job opportunity for some welfare recipients.

Even if all the proper incentives are in place, there are sure to be a substantial number of welfare recipients who will not volunteer for jobs. The reason may not be that they are shiftless but that they are entirely lacking in self-confidence and unable to take any initiative at all. In any case, for all but mothers of small children, and perhaps even for them, work must be made a requirement—not an option. The welfare programs now in operation across the country should be vastly expanded, along with placement efforts to put people into jobs in the private sector, and participation should be enforced vigorously. Today just one welfare mother in 100 actually works in any of these programs. Turning that situation around is the key to welfare reform. "They're not a Bohemian counterculture," insists



"The simplest way of helping single mothers who work is to let all single mothers collect AFDC, regardless of how much outside income they get."

Mead. "They share the values of society as a whole. It's not their values that are aberrant, it's their behavior. We have to help them live up to their own values by enforcing the work rule."

The ultimate enforcement should and must be a time limit on benefits for all but the truly disabled (physically or psychologically) within the welfare population. Welfare has veered far off the course its designers originally plotted. The forerunner of today's system was launched in 1936 as part of the New Deal. The main aim of Aid to Dependent Children (as it was then called) was to provide for poor widows and their children. As Social Security, workers' compensation, unemployment and other work-based social insurance programs matured, it was assumed that ADC would eventually disappear. It didn't, but neither did it grow much until President Lyndon Johnson launched his War on Poverty in the 1960s.

But even when Congress passed the Johnson Administration's ambitious package of new and generous aid programs, the notion of a temporary helping hand remained at the center. Johnson himself declared, "Our war on poverty seeks to give the desperate and the downtrodden the skills and the experience they need to lift themselves from poverty." It was not long, though, before social activists put a different spin on welfare.

"Throughout the 1960s and 1970s," wrote Stuart Butler and Anna Kondratieva, authors of *Out of the Poverty Trap: A Conservative Strategy for Welfare Reform*, "self-appointed advocates of the poor and program administrators increasingly began to argue that the poor should not be ashamed of being on the dole and that since Congress had passed assistance programs, the poor were 'entitled' to benefits. While that might make good political philosophy, it was a fundamental break with the whole ethos that had characterized American thinking about welfare. The welfare rights movement demanded handouts with dignity, and those economic rights became as sacred as political and civil rights. The poor were no longer required to feel a sense of gratitude or responsibility to the society that helped them. Nor were they expected to feel a stigma about being on welfare."

Although the National Welfare Rights Organization never enrolled more than 2% of adult welfare recipients, the notions it espoused have clearly taken root in many communities where welfare families are concentrated. They must be eradicated. So time limits are an essential element of reform, along with work requirements and efforts to reverse the trend of illegitimacy.

All are expected to be a part of the Clinton plan (as they are of a Republican bill with 160 sponsors) and Administration officials have given them strong support in their public statements. In a talk to one group of welfare professionals last year, Donna Shalala, Secretary of Health and Human Services, remarked, "I've heard people question whether the Clinton Ad-

ministration has the stomach to impose time requirements. You bet we do." But skepticism remains. Robert Rector, senior policy analyst at the conservative Heritage Foundation, recently published a harsh attack on what he labeled President Clinton's "bogus reform" plans.

The traditional liberal position of ever-increasing benefits and services has been so thoroughly discredited that even those who still believe in it are largely silent. But that does not mean they have abandoned their position or will not battle hard when the reform bill reaches Congress. And while they do not have the votes to put through their own program, they may well hold a veto power over reforms with which they disagree.

Perhaps the biggest hurdle is simply fiscal. Meaningful reform may well cost more money in the short run, but there is no room in the budget and no support among the voters for throwing more money into the welfare pit. In the past, a pessimistic Mead notes, "The politicians have found it impossible to give meaningful assistance and to demand that poor people behave like the rest of us. They don't want to spend the money and they also don't want to set expectations, so what they try to do is simply minimize the scandal by cutting benefits and trying to restrict the size of the program. That's not how the public wants to do it."

But in the end, it may be what the politicians will do, and that would be a shame. ■

STATE OF ALASKA
DEPARTMENT OF REVENUE
CHILD SUPPORT ENFORCEMENT DIVISION

TONY KNOWLES, GOVERNOR

660 WEST 7th AVE., 4th FLOOR
ANCHORAGE, AK 99501-8088
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TOLL FREE ALASKA: (800) 478-3300
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March 2, 1995

Rep. John Davies
State Capitol
Juneau, AK 99801

Dear Rep. Davies:

The Child Support Enforcement Division (CSED) of the Alaska Department of Revenue supports the Sponsor Substitute for House Bill 62. With the passage of SSHB62, Alaska will join 17 other states in asserting the rights of children to be supported by their parents.

CSED anticipates that, because of this legislation, Alaskan children will see a dramatic increase in the collection of support from parents who otherwise would not pay. Additionally, this bill will help to decrease the AFDC rolls, thereby reducing the state's costs of supporting children for whom an absent parent refuses to support.

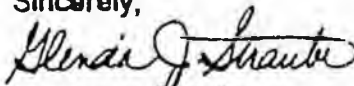
The success of this type of program enacted in other states has been significant. Many states dramatically increased collections, while minimizing the number of instances where people lost their licenses.

This legislation wins on all counts. Approximately 88% of the costs of enacting SSHB62 will be paid by the federal government and the remainder will be offset by increased revenues to the state through AFDC collections. It is a readily implemented, cost-effective strategy for returning responsibility where it belongs - to the parents.

SSHB62 also provides for fairness in support enforcement. Under present statutes, it is much easier to collect child support from a parent who works for wages and pays taxes than it is to collect from someone who works under the table or owns a business or professional practice. Ironically, child support is often avoided by those who are most able to pay. SSHB62 would ensure that those who have been able to hide their income will no longer be rewarded for such activity.

Finally, we believe that SSHB62 represents the future of America. Serious discussions of welfare reform at all levels of government include issues of personal responsibility and the basic right of children to be supported by their parents. Licensing suspension and/or non-renewal is an effective method to enforce compliance with the law.

Sincerely,



Glenda J. Straube
Director

JUNEAU FIELD OFFICE
PHONE: (907) 485-6887
FAX: (907) 485-4857

811 WEST 12th STREET
JUNEAU, AK 99801-4400

FAIRBANKS FIELD OFFICE
PHONE: (907) 451-2830
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673 7th AVENUE, STATION G
FAIRBANKS, AK 99701

No license to evade child support

In the entry to the Augusta, Maine Department of Human Services there is a small, rather discreet sign that reads simply: "Make Child Support Payments Here." It's a modest request but it might very well become a state motto.

Here in the Northeast corner of the country, the Pine Tree State has done what other states are threatening to do. It is enforcing the first law in the country that takes away licenses - business licenses, professional licenses, and especially driver's licenses - from parents who don't support their children.

And the hopeful fact - or is it the depressing fact? - is that it's working.

For years, the Children's Defense Fund has pointed out that less than 3 percent of people default on used car payments while 49 percent default on child support agreements. Now it seems that the most feared Repo Man is the one who can repossess a driver's license.

Today the deadbeat dad has become the poster boy of irresponsibility. Despite all the careful gender-neutral language of the law, we know that 97 percent of the "non-compliant non-custodial parents" are fathers. In 1992, they owed nearly \$34 billion to their 23



ELLEN GOODMAN

million children.

Each one may have a story about why he can't or won't or shouldn't have to pay what the court has ordered. But Colburn Jackson, the burly, longlimed head of support enforcement for Maine says flatly that the primary reason men don't pay is: "They've been able to get away with it."

Jackson's own view is closer to a judicial malaprop he remembers with humor. Not long ago, a Maine judge meant to rule that a father had proven his inability to pay. By mistake, the judge wrote that the father had "demonstrated an ability to not pay child support." That, Jackson says, is closer to the truth.

But Maine has tried something different. Last August, the state sent out notices of the new law to 17,400 parents who were more than 90 days late in their payments.

Some of these parents hadn't paid "since antiquity," some had hidden their assets, some had gone into business under other names. All were warned to pay up, to make a payment plan, or risk losing a license.

The response was overwhelming. A man with a license to run a junkyard - a father who hadn't paid child support in 10 years - came in the day after he got the notice and said, "Well, you got me now." A long-haul trucker came in and plunked down \$19,000. Another man who said he had been "procrastinating for years" paid \$4,000.

By June, they had collected \$12.9 million from 10,000 people in a state of about one million. And that was before the first license had been taken away. A few weeks ago, eight men who collectively owe \$140,000 shared the dubious honor of being first to lose their licenses to drive.

What Jane Sheehan, the commissioner of human services, learned - and she says this without a hint of irony in her voice - is that "you have to attack something near and dear to the heart of that individual." What others have learned is that sometimes the car or certainly a professional license was nearer and dearer than the kid.

In his Capitol office, Gov. John

McKernan describes this law as another way of putting back together the Humpty-dumpty of responsibility. It's a program popular with most men as well as women. "Many fathers are struggling to pay for their own kids," he says, "and paying taxes for the kids of fathers who aren't paying anything."

Indeed, in the aftermath of Maine's success, a dozen states are considering similar laws that apply to AFDC and non-AFDC families alike. The idea has appeared as part of the Clinton welfare reform proposal. There are plans to make state laws reciprocal, so that parents with children in one state and licenses in another would be as vulnerable for child support violations as they are for driving violations.

But if what's happened here is a success story, it's not an entirely happy tale. For as long as I can remember, Americans have ruefully noted that you need a license to drive a car but not to raise a child. Now in this upside-down world, we have finally drawn a connection between parenting and licensing.

What an odd bumper sticker for our era: Support your kids, or get out of the driver's seat.

Ellen Goodman is a columnist for The Boston Globe.

7-17
JUNIOR EMPIRE

designated above at the following address:
 OMB Reports Management Branch, New Executive Office Building, room J208, Washington, DC 20503.
 Dated: January 28, 1994.
 Dennis P. Williams,
 Deputy Assistant Secretary, Budget.
 FR Doc. 94-3100 Filed 2-3-94; 8:45 am
 BILLING CODE 4150-04-M

Annual Update of the HHS Poverty Guidelines

AGENCY: Department of Health and Human Services.
ACTION: Notice.

SUMMARY: This notice provides an update of the HHS poverty guidelines to account for last (calendar) year's increase in prices as measured by the Consumer Price Index.

EFFECTIVE DATE: These guidelines go into effect on the day they are published unless an office administering a program using the guidelines specifies a different effective date for that particular program).

ADDRESSES: Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services (HHS), Washington, D.C. 20201.

FOR FURTHER INFORMATION CONTACT: For information about how the poverty guidelines are used in a particular program, contact the Federal (or other) office which is responsible for that program.

For general information about the poverty guidelines (but not for information about how they are used in a particular program), contact Gordon Fisher, Office of the Assistant Secretary for Planning and Evaluation, HHS—telephone: (202) 690-6141.

For information about the Hill-Burton Uncompensated Services Program (no-fee or reduced-fee health care services at certain hospitals and other health care facilities for certain persons unable to pay for such care), contact the Office of the Director, Division of Facilities Compliance, HHS—telephone: (201) 443-5658. The Division of Facilities Compliance notes that as set by 42 CFR 124.505(b), the effective date of this update of the poverty guidelines for facilities obligated under the Hill-Burton Uncompensated Services Program is sixty days from the date of this publication.

Under a recent amendment to the Older Americans Act, the figures in this notice are the figures that area agencies on aging should use to determine

"greatest economic need" for Administration on Aging programs. For information about those programs, contact Donald Fowles, Administration on Aging, HHS—telephone: (202) 619-2514.

For information about the Department of Labor's Lower Living Standard Income Level (an alternative eligibility criterion with the poverty guidelines for certain Job Training Partnership Act programs), contact Hugh Davies, Office of Employment and Training Programs, U.S. Department of Labor—telephone: (202) 219-6580.

For information about the number of persons in poverty or about the Census Bureau (statistical) poverty thresholds, contact Kathleen Short, Chief, Poverty and Wealth Statistics Branch, U.S. Bureau of the Census—telephone: (301) 763-8578.

1994 POVERTY GUIDELINES FOR ALL STATES (EXCEPT ALASKA AND HAWAII) AND THE DISTRICT OF COLUMBIA

Size of family unit	Poverty guideline
1	57,360
2	9,840
3	12,320
4	14,800
5	17,280
6	19,760
7	22,240
8	24,720

For family units with more than 8 members, add \$2,480 for each additional member. (The same increment applies to smaller family sizes also, as can be seen in the figures above.)

1994 POVERTY GUIDELINES FOR ALASKA

Size of family unit	Poverty guideline
1	59,200
2	12,300
3	15,400
4	18,500
5	21,600
6	24,700
7	27,800
8	30,900

For family units with more than 8 members, add \$3,100 for each additional member. (The same increment applies to smaller family sizes also, as can be seen in the figures above.)

1994 POVERTY GUIDELINES FOR HAWAII

Size of family unit	Poverty guideline
1	58,470
2	11,320
3	14,170
4	17,020
5	19,870
6	22,720
7	25,570
8	28,420

For family units with more than 8 members, add \$2,850 for each additional member. (The same increment applies to smaller family sizes also, as can be seen in the figures above.)

The preceding figures are the 1994 update of the poverty guidelines required by sections 652 and 673(2) of the Omnibus Budget Reconciliation Act (OBRA) of 1981 (Pub. L. 97-35). As required by law, this update reflects last year's change in the Consumer Price Index (CPI-U); it was done using the same procedure used in previous years.

Section 673(2) of OBRA-1981 (42 U.S.C. 9902(2)) requires the use of the poverty guidelines as an eligibility criterion for the Community Services Block Grant program, while section 652 (42 U.S.C. 9847) requires the use of the poverty guidelines as an eligibility criterion for the Head Start program. The poverty guidelines are also used as an eligibility criterion by a number of other Federal programs (both HHS and non-HHS). When such programs give an OBRA-1981 citation for the poverty guidelines, they cite section 673(2).

The poverty guidelines are a simplified version of the Federal Government's statistical poverty thresholds used by the Bureau of the Census to prepare its statistical estimates of the number of persons and families in poverty. The poverty guidelines issued by the Department of Health and Human Services are used for administrative purposes—for instance, for determining whether a person or family is financially eligible for assistance or services under a particular Federal program. The poverty thresholds are used primarily for statistical purposes. Since the poverty guidelines in this notice—the 1994 guidelines—reflect price changes through calendar year 1993, they are approximately equal to the poverty thresholds for calendar year 1993 which the Census Bureau will publish in late summer 1994.

In certain cases, as noted in the relevant authorizing legislation or program regulations, a program uses the

5-6-95
 Circled notes
 applied to
 SCS(Fix)

FISCAL NOTES

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

No.	Dept.	Date	U.D.	Amount
2.	DH&SS (PA-Elig.Deter.)	4/04/95		136.8
3.	DH&SS (PA-Admin.)	4/04/95		213.5
4.	DH&SS (PA-Data Proc.)	4/04/95		972.4
5.	DH&SS (Ak.Work Prog.)	4/04/95		0 394.5 FY97
6.	DH&SS (Child Care)	4/04/95		0 152.0 FY97
7.	DH&SS (AFDC-Ratable Red)	4/04/95		(1,610.7)
8.	DH&SS (PFD Hold Harm)	4/04/95		(210.4)
9.	DH&SS (FYS Central)	4/04/95		113.9
10.	DH&SS (Med.Asst.Claims)	4/04/95		40.0
13.	DPS (Driver Services)	4/03/95	& 5/1	222.8 #34
14.	DOE (Teacher Cert.)	3/24/95	& 5/1	20.8 #33
15.	DOR (Child Support)	4/04/95	& 5/2	519.4 #32
17.	DH&SS (EMS Training)	3/10/95		1.5
18.	DC&ED (Ins.Operations)	3/24/95	5-1-95	26.0 #31
19.	DC&ED (Occ.Licensing)	3/24/95	& 5/1	83.5 #30
20.	DC&ED (Banking/Corps.)	3/24/95	& 5/1	29.1 #29
21.	DOLabor (Safety&Health)	3/30/95	& 5/2	36.1 #28
22.	DOLabor (Mech.Insp.)	3/30/95	& 5/2	53.7 #27
23.	DEC (Palmer Lab.)	2/17/95		0
24.	DH&SS (Med.Facilities)	5/02/95		(116.7)
25.	DH&SS (Med.Non-Fac.)	5/02/95		(107.7)
26.	DH&SS (AFDC)	5/02/95		(317.9)
#35 New	DOLabor (Wage&Hr.Admin)	5/02/95		0

New. Updated Notes - Reflecting deletion of ratable reduction:

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

#36 New Counts 5/5/95 80.8

Prepared by SFC 5-5-95

→ 10 New DH&SS
 notes for SCS(Fix)
 to be furnished
 5/7/95

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) AM

Revision Date: _____
Title: relating to certain licenses and
applications for licenses ... child support
Sponsor: REP. HANLEY
Requestor: _____

Dept. Affected: Alaska Court System
BRU: Trial Courts
Components: _____
COMPONENT SERIAL NO. 768

EXPENDITURES/REVENUES (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	68.9	68.9	68.9	68.9	68.9	68.9
TRAVEL						
CONTRACTUAL	6.2	1.2	1.2	1.2	1.2	1.2
SUPPLIES	3.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	2.7					
LAND & STRUCTURES						
GRANTS & CLAIMS						
TOTAL OPERATING	80.8	73.1	73.1	73.1	73.1	73.1
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

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


POSITIONS

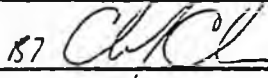
FULL-TIME						
PART-TIME	3.0	3.0	3.0	3.0	3.0	3.0
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

See attached fiscal analysis.

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

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

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Alaska Court SystemFiscal AnalysisCSHB 78 (FIN) AMPersonal Services

	<u>Salary</u>	<u>Benefits</u>	<u>Total</u>
Standing Master, range 24A, PFT, Anchorage, 5 months	\$25,420	\$9,098	\$34,518
In-Court Clerk, range 12A, PPT, Anchorage, 5 months	11,295	5,460	16,755
Court Clerk II, range 10A, PPT, Anchorage, 6 months	12,006	5,643	<u>17,649</u>
Total Personal Services			68,922

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

Contractual Services

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

Supplies

Office supplies for new case filings		3,000
--------------------------------------	--	-------

Equipment

Desk, chair and filing cabinet for new positions		<u>2,700</u>
--	--	--------------

Estimated Total Costs		<u>\$80,822</u>
-----------------------	--	-----------------

HB

79

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: February 13, 1995

FURTHER REFERRALS:

Date of Committee Action: 3/3/95

The FINANCE Committee considered:

HB 79

HOUSE BILL NO. 79

MUNICIPAL LAND ERROR CORRECTIONS

"An Act allowing the Department of Natural Resources to quitclaim land or interests in land, including submerged or shore land, to a municipality to correct errors or omissions of the municipality when inequitable detriment would result to a person due to that person's reliance upon the errors or omissions of the municipality."

recommends it be replaced with the following committee substitute CS HB 79 (FIN) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) DORA 2/3/95
DNR 2/3/95

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Sean Parnell</i>	Parnell	X			
<i>Terry Martin</i>	Martin			X	
<i>Bruce Gussendorf</i>	Gussendorf	X			
<i>Chris Kohring</i>	Kohring	X			
<i>Kay Brown</i>	Brown			X	
<i>Pat Kelly</i>	Kelly	✓			
<i>Gene Therrault</i>	Therrault			X	
<i>Ed Mulderz</i>	MULDERZ			X	
<i>Richard Hanley</i>	Hanley			X	
<i>Richard Foster</i>	FOSTER	X			

CO-CHAIR'S SIGNATURE

Mark Hanley
Hanley

Richard Foster
FOSTER

FISCAL NOTE

No. L

Bill Version: HB 79

(H) Publish Date: 2/3/95

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Revision Date: Original Dept Affected: Natural Resources
 Title: An Act allowing the Department of Natural Resources to quitclaim land or interests in land, including... BRU: Resource Development
 Sponsor: Representative Mackie Component: Land Development
 Requestor: _____ Component Serial No. 431

Expenditures/Revenues	(Thousands of Dollars)					
	FY96	FY97	FY98	FY99	FY00	FY01
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

POSITIONS						
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This legislation would authorize the department to convey lands to the City of Skagway that they inadvertently subdivided and sold as subdivision lots on filled shore lands within the Skagway River. Conveyance of these lands will eliminate a cloud of title to the private property owners. This legislation will automatically be repealed in 1998 after the conveyance to Skagway has been completed. There are no known public interest values that would be impacted by this conveyance.

There will be no fiscal impact to the department associated with passage of this legislation. The cost to convey land to the City of Skagway will be partially absorbed by the department as part of the municipal entitlement conveyance program work, or paid by the City of Skagway. There is no anticipated loss of revenue associated with this legislation as the lands to be conveyed to Skagway are not currently under lease agreements.

Amendments to this bill and HB20 could be combined as they are very similar, but address different tide and submerged land conveyance issues.

Prepared by: Ron Swanson, Director Phone: 762-2692
 Division: Land Date: 25-Jan-95
 Approved by Commissioner: Nico Sue, for M. Luther and Act. Comm. Date: 1/25/95
 Agency: Natural Resources

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FISCAL NOTE

No. 2

Bill Version: HB 79

(H) Publish Date: 2/3/95

Revision Date: January 26, 1995 Dept. Affected: Community & Regional Affairs
 Title: An Act allowing the Department of Natural Resources to quitclaim land or... BRU: none
 Component: none
 Sponsor: Representative Mackie
 Requestor: House C & RA Committee COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE FUND SOURCE:

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

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

This legislation would give the Department of Natural Resources (DNR) the authority to quitclaim land or interests in land to a municipality to correct certain errors or omissions of the municipality. There is no fiscal impact on DCRA from this bill.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Division of Administrative Services Date: 1/26/95
 Approved by Commissioner: *Mike Austin* Date: 1/26/95
 Agency: Community & Regional Affairs

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3/3/95

Distributed By
Mackin

Attachment # 3

March 3, 1995
House Finance Committee

adopted

AMENDMENT 1

To: HB 79

Page 4, line 3: Delete "1998" and insert "1997".

CITY OF SKAGWAY, ALASKA

P.O. Box 415

Skagway, Alaska 99840

January 26, 1995

*Representative Alan Austerman, Co-Chair and
Representative Ivan Ivan, Co-Chair,
House Community and Regional Affairs Committee,
House of Representatives,
Juneau, Alaska 99801*

RE: HOUSE BILL No. 79

Dear Rep. Austerman and Rep Ivan:

I would like to take this opportunity to encourage you and the members of the House Community and Regional Affairs Committee to favorably consider House Bill No. 79.

This legislation, when adopted, will assist the City of Skagway in resolving a land ownership question which has been identified two years ago but which has not been able to be resolved because current law does not provide a workable solution.

The current situation is worsened because individuals in Skagway are affected by this dead-end and I believe the legislation as proposed will allow the municipality to take an active part in resolving any questions of land title that we now know about, or that may arise in the "riverine" area in the future.

Thank you for your attention.

Sincerely,



James R. Filip,

City Manager

cc: Representative Jerry Mackie

Mr. Andrew W. Peckovich, DNR

CITY OF SKAGWAY, Y

GATEWAY TO THE GOLD RUSH OF '98"

P. O. BOX 415 SKAGWAY, ALASKA 99840

(PHONE) 907-983-2297

(FAX) 907-983-2151

January 13, 1994

Representative Jerry Mackie
Room 602, Court
State Capitol
Juneau 99801-1182

Dear Jerry,

I would like to take this opportunity to request your assistance in supporting legislation which would correct a land use problem in Skagway.

The details of the situation focus on a section of the community which was flooded by the Skagway River on a regular basis then protected by the construction of a dike approximately 50-years ago. The newly dried out land was subdivided as an extension of the existing street and lot grid and sold or used for community purposes.

The problem that has resulted today from these earlier efforts involves reluctance on the part of a title insurance company to provide coverage on a lot in the reclaimed zone.

Dave Gray has been working diligently with the city in arriving at a solution to this problem that will serve all parties well.

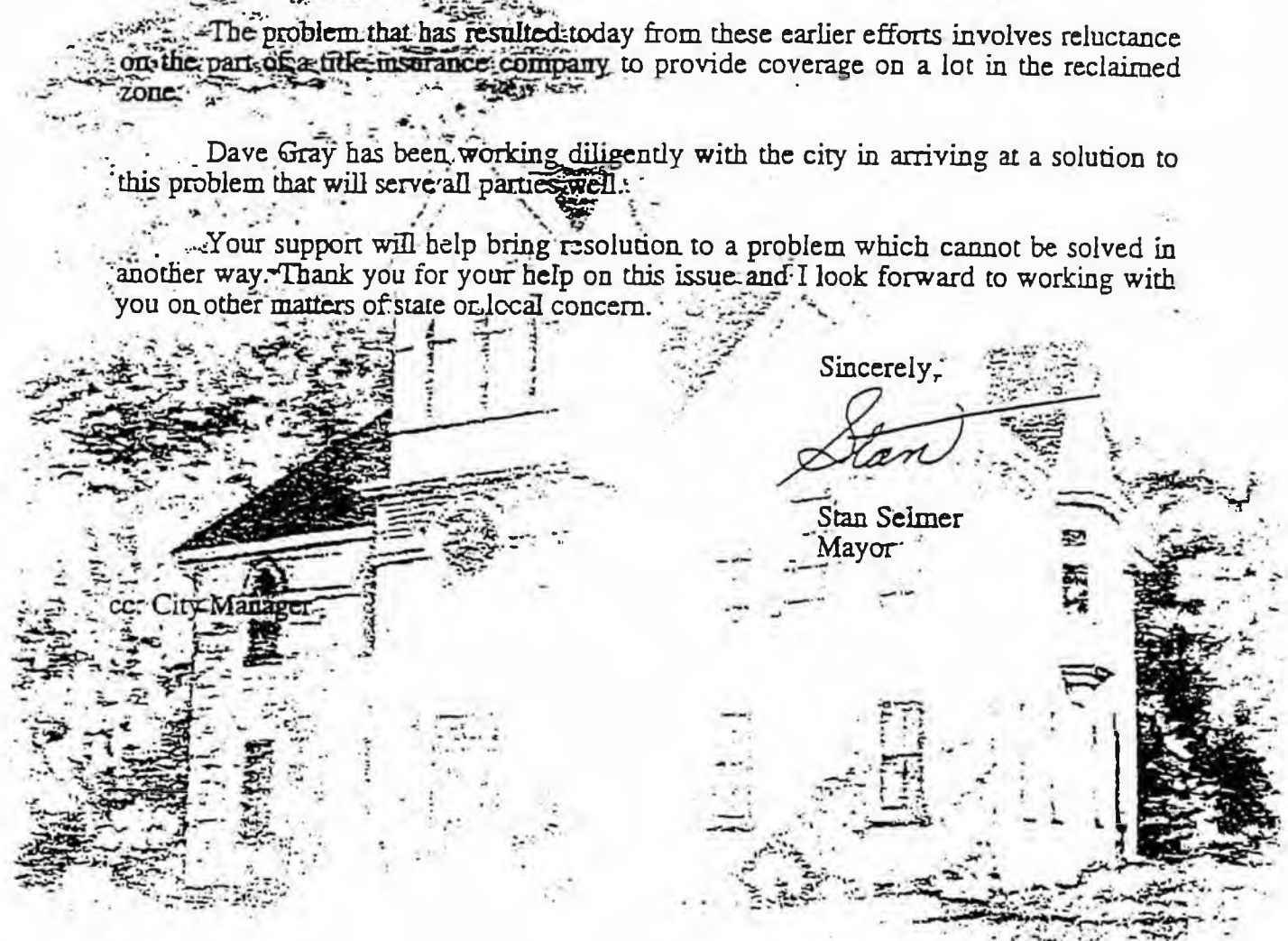
Your support will help bring resolution to a problem which cannot be solved in another way. Thank you for your help on this issue and I look forward to working with you on other matters of state or local concern.

Sincerely,



Stan Seimer
Mayor

cc: City Manager



DEPARTMENT OF NATURAL RESOURCES

SOUTHEAST REGIONAL OFFICE

DIVISION OF LAND

400 WILLOUGHBY AVENUE, SUITE 400
JUNEAU, ALASKA 99801
PHONE: (907) 465-3400
FAX: (907) 586-2954

January 7, 1993

Meg Hayes
c/o Law Offices of James B. Gottstein
406 G Street, Suite 206
Anchorage, Alaska 99501

Re: City of Skagway Title Problem


Dear Meg:

Sorry for the delay, but enclosed please find the map indicating the lands at Skagway that are involved in the title problem which we would like to have released from the list of PSL lands and convey to the City of Skagway. I have also attached a copy of the draft legislation that Representative Mackie may want to advance.

The heavy black line on the attached City of Skagway Base Map represents the eastern boundary of the Skagway River (original meander) in the problem area and the western boundary, in that area, of the original townsite prior to construction of the dike by the Navy in the 40's. The low land behind the dike was later filled, and some of the newly elevated area subdivided and deeded by the city to the respective purchasers. A few of the newly created lots are also in use by the City for public purposes, including the school. To add to the problem, although there are deeds and a base map depicting the new lots, the inclusion of this land into the original townsite subdivision as depicted on the Skagway Base Map is not covered by a proper plat (no recorded plat). Please let me know if you need more. We would like to obtain the release of all lands, including platted right-of-ways, e.g Alaska Street west of the dike. Any suggestions?

I would recommend dropping from the PSL all lands east of the dike abutting the eastern boundary of the Skagway River lying south of the northern boundary of 23rd Street, and west of the original townsite survey.

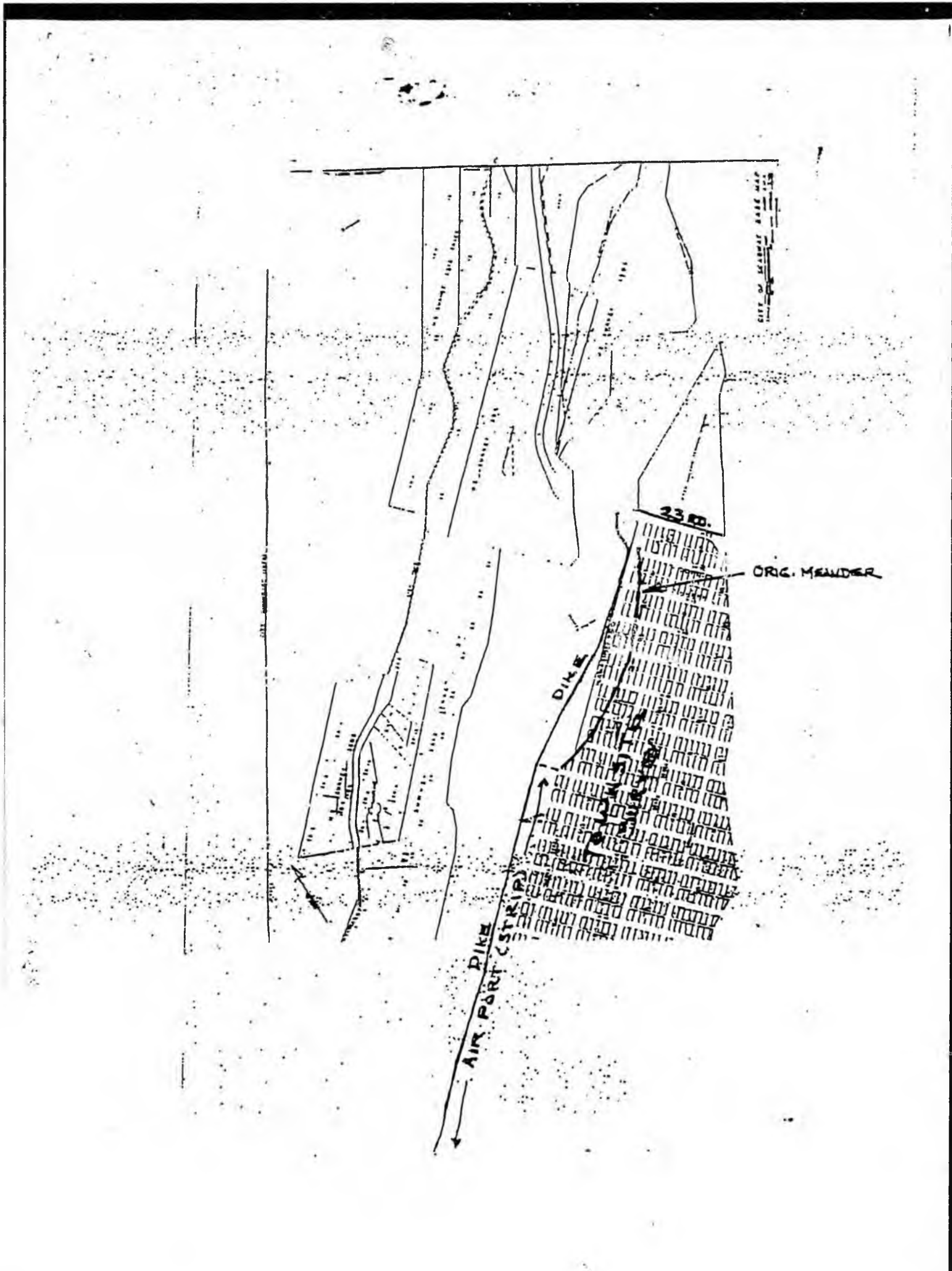
Sincerely,


Andrew W. Pekovich
Manager, Southeast Region

Enclosure: Marked Up Skagway Base Line Map

CC: Jim Filip, City of Skagway w/attach.
Dave Gray, Representative Mackie's Office w/attach.
Salli Salughter, DNR PIO w/attach.
Bruce Phelps, DOL, Anch. w/attach.

*Review final S. Title
Anchorage meeting
K. H.*





Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

The Alaska Environmental Lobby has some reservations concerning HB 79, Municipal Land Error Corrections:

HB 79 requires the commissioner of DNR to convey land to a municipality if that municipality had, through "errors or omissions," caused harm or injury to a third party who had relied on the faulty information. In other words, if a developer were to unknowingly use state land in a project because of misinformation provided by the local municipality, the municipality could apply to the state for ownership of the land.

Some problems with HB 79 - paragraph (11) on p. 2-3 authorizes the Commissioner of DNR to transfer state land- - uplands, submerged lands, and shorelines (beds and banks of navigable waters)-- to municipalities to "correct errors or omissions of the municipality...". This provision relieves the municipalities of the responsibility for correcting their own mistakes with their own land.

HB 79, Municipal land error corrections, provides the municipality with the incentive to make mistakes. Other than the actual costs of conveyance, the municipality would receive potentially valuable state land **without** cost. The municipality should bear some of the responsibility for making the mistake, such as paying fair market value for the conveyance.

HB 79 stipulates repeal of Sec. 2 by January 1998. This time allowance seems excessive in light of the potential/possible abuses. Because the intent of the sponsor in this bill is to redress long standing land title errors, it would seem more reasonable to shorten the time limit to less than 18 months.



DEPARTMENT OF NATURAL RESOURCES

SOUTHEAST REGIONAL OFFICE
DIVISION OF LAND

400 WILLOUGHBY AVENUE, SUITE 400
JUNEAU, ALASKA 99801
PHONE: (907) 465-3400
FAX: (907) 586-2954

February 22, 1995

Dave Gray
c/o Representative Mackie's Office
Capitol Building
Juneau, Alaska

Re: HB-79

Dear Dave:

This is written at your request for my response to the February 11, 1995 comments by the Alaska Environmental Lobby, Inc. pertaining to HB 79.

1. The writer seems to be under the impression that the bill would "require" the Commissioner. I believe we used "may" to specifically address this concern. The Department has typically protected its right to say "NO" unless it finds the conveyance to otherwise be in the "state's best interest."
2. Although I do not know of any instances where DNR has applied AS 38.05.035(b)(2) and or (3) to tidelands, these preferences already allow the Commissioner of DNR to negotiate the sale of uplands to those harmed either by the state or others.
3. When developing the language, DNR envisioned: 1) charging the lands against a municipalities Title 29 entitlement if it had one, and if it did not, 2) charging either full fair market value, or other value felt by the Commissioner to be fair, based on his or her perception of the public benefits that might be derived from the conveyance.
4. We do not know of any cases in Alaska but Skagway that qualify at this time. The sun-set clause was to prevent speculation and abuse. However, we do not have any problem with reducing the sun-set to 18 months.

Sincerely,



Andrew W. Pekovich
REGIONAL MANAGER, Southeast Region

MEMORANDUM

State of Alaska

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LAND
S.E. REGIONAL OFFICETO: Ron Swanson (Name)
Director, Div. of Land

DATE: December 17, 1993

FILE:

TELEPHONE: 465-3400

FROM: Andrew W. Pekovich
Regional Manager, CENO
Division of Land
Department of Natural ResourcesSUBJECT: City of Skagway
Skagway River Subdivision

I would recommend consideration of the following legislation to Representative Mackie, unless you want to just sell the land to the City of Skagway at "fair market value" or feel that we already have the right under AS 38.05.810 to convey for "less than fair market value" without any overriding state benefit, without imposing a reverter, and without establishing a president we cannot live with

"The director, pursuant to AS 38.05.035 (b), may without classification or reverter, convey lands to a municipality ~~which made application to the Division for lease or purchase prior to~~ with or without compensation, to allow the municipality to correct an error inadvertently created by its inclusion of these lands in a subdivision and conveyance to third parties."

I believe the language is generic enough to not be labeled special, and would recommend a deadline which would just cover applications existing at the time of the deadline. If you approve I will pass this language to Dave Gray for consideration of Representative Mackie.

Appears that this would affect most of 22 lots and a fraction of 9 others. All are small lots. Have FAXED a plat.

CC: Nan Schonenbach

OK
w/me
R

Alaska State Legislature



REPRESENTATIVE
JERRY MACKIE

ALASKA STATE CAPITOL
JUNEAU, ALASKA 99801-1121
(907) 465-4925

P.O. BOX 795
CRAIG, ALASKA 99921
(907) 826-3008 OFFICE
(907) 826-2930 HOME

House of Representatives

SPONSOR STATEMENT ON HB 79

I introduced HB 79 at the request of the City of Skagway to correct a long standing land ownership problem in Skagway. Fifty years ago a dike was constructed along the Skagway River to protect the town from flooding. Over the years, the area between the original river bank and the dike has been reclaimed and subdivided by the city with lots sold and built upon (see attached map). Even the High school is located in the area.

The problem is that the city did not have clear title to this land from the start. Hence, the title for subsequent private property owners is also clouded. Not only are the owners' investments and improvements at risk, but bank financing for further improvements or sales is foreclosed.

In the past several years, the city and the Department of Natural Resources have unsuccessfully sought an administrative remedy for the problem. While current statute allows DNR administrative discretion in resolving land ownership errors and omissions for individual citizens [AS 38.05.035 (b) (2) and (b) (3)], there is no similar provision for errors and omissions of a municipality.

HB 79 would add such a provision. The new proposed subsection, AS 35.05.035 (b) (11), allows the director of the division of lands the discretion to quitclaim land to a municipality to correct past errors and omissions. The director may also set any terms or conditions that is deemed appropriate for the transaction. Furthermore, land title transferred to a municipality in this manner is counted against the municipality's general land grant entitlement from the state.

Section 2 provides a January 1, 1998 repeal of AS 35.05.035 (b) (11). Thus, the opportunity to correct municipal land ownership errors is limited to a two and one-half year period.

Finally, this bill was introduced in the last session. It progressed through the House and Senate until time ran out in the Senate Rules committee. It is my hope that the bill will be enacted this year so that the problem is resolved.

HB 398

The following was read the second time:

HOUSE BILL NO. 398

"An Act relating to rights in certain tide and submerged land."

with the:

Journal Pag

CRA RPT CS(CRA) NEW TITLE 4DP 2NR	240
-ZERO FISCAL NOTE (DNR) 2/15/94	240
RES RPT CS(RES) NEW TITLE 9DP	254
-PREVIOUS ZERO FISCAL NOTE (DNR) 2/15/94	254

Representative Phillips moved and asked unanimous consent that the following committee substitute be adopted in lieu of the original bil

CS FOR HOUSE BILL NO. 398(RES)

"An Act relating to conveyance of certain land to municipalities."

There being no objection, it was so ordered.

Representative Phillips moved and asked unanimous consent that CSHB 398(RES) be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered.

CSHB 398(RES) was read the third time.

HB 398

The question being: "Shall CSHB 398(RES) pass the House?" The roll was taken with the following result:

CSHB 398(RES)
Third Reading
Final Passage

YEAS: 37 NAYS: 0 EXCUSED: 3 ABSENT: 0

Yeas: Barnes, Brice, Brown, Bunde, Carney, Davidson, Davies, G.Davis, Finkelstein, Foster, Green, Grussendorf, Hanley, Hudson, James, Rott, Larson, Mackie, MacLean, Martin, Moses, Mulder, Navarre, Nicholia, Nordlund, Olberg, Parnell, Phillips, Porter, Sande Sitton, Therriault, Toohey, Ulmer, Vezey, Williams, Willis

Excused: B.Davis, Hoffman, Menard

And so, CSHB 398(RES) passed the House.

Representative Ulmer gave notice of reconsideration of her vote on CSHB 398(RES).

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB79

Revision Date: Original Dept Affected: Natural Resources
 Title: An Act allowing the Department of Natural Resources to quitclaim land or interests in land, including... BRU: Resource Development
 Sponsor: Representative Mackie Component: Land Development
 Requestor: _____ Component Serial No. 431

Expenditures/Revenues		(Thousands of Dollars)				
OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)				
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

POSITIONS						
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This legislation would authorize the department to convey lands to the City of Skagway that they inadvertently subdivided and sold as subdivision lots on filled shore lands within the Skagway River. Conveyance of these lands will eliminate a cloud of title to the private property owners. This legislation will automatically be repealed in 1998 after the conveyance to Skagway has been completed. There are no known public interest values that would be impacted by this conveyance.

There will be no fiscal impact to the department associated with passage of this legislation. The cost to convey land to the City of Skagway will be partially absorbed by the department as part of the municipal entitlement conveyance program work, or paid by the City of Skagway. There is no anticipated loss of revenue associated with this legislation as the lands to be conveyed to Skagway are not currently under lease agreements.

Amendments to this bill and HB20 could be combined as they are very similar, but address different tide and submerged land conveyance issues.

Prepared by: Ron Swanson, Director Phone: 762-2692
 Division: Land Date: 25-Jan-95
 Approved by Commissioner: Nico Swanson for M. Luther for Act. Comm. Date: 1/25/95
 Agency: Natural Resources

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- 1 - 1 - DNR

Revision Date: January 26, 1995 Dept. Affected: Community & Regional Affairs
 Title: An Act allowing the Department of Natural Resources to quitclaim land or... BRU: none
 Component: none
 Sponsor: Representative Mackie
 Requestor: House C & RA Committee COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
---------	-----	-----	-----	-----	-----	-----

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

This legislation would give the Department of Natural Resources (DNR) the authority to quitclaim land or interests in land to a municipality to correct certain errors or omissions of the municipality. There is no fiscal impact on DCRA from this bill.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Division of Administrative Services Date: 1/26/95
 Approved by Commissioner: Miles, Aron Date: 1/26/95
 Agency: Community & Regional Affairs

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
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 Page 1 of 1

Fiscal notes - GRA

HB

79

SFIN

FILE

FISCAL NOTE

No. _____
Bill Version: HB 79
(H) Publish Date: 2/3/95

Revision Date: January 26, 1995 Dept. Affected: Community & Regional Affairs
Title: An Act allowing the Department of Natural Resources to quitclaim land or... BRU: none
Sponsor: Representative Mackie Component: none
Requestor: House C & RA Committee **COMPONENT SERIAL NO.** _____

Expenditures/Revenues: (Thousands of Dollars)

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
----------------	------------	------------	------------	------------	------------	------------

REVENUE FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

This legislation would give the Department of Natural Resources (DNR) the authority to quitclaim land or interests in land to a municipality to correct certain errors or omissions of the municipality. There is no fiscal impact on DCRA from this bill.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
Division: Division of Administrative Services Date: 1/26/95
Approved by Commissioner: Mike Austin Date: 1/26/95
Agency: Community & Regional Affairs

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FISCAL NOTE

No. _____
 Bill Version: HB 79
 (H) Publish Date: 2/3/95

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Revision Date: Original Dept Affected: Natural Resources
 Title: An Act allowing the Department of Natural Resources to quitclaim land or interests in land, including... BRU: Resource Development
 Component: Land Development
 Sponsor: Representative Mackie
 Requestor: _____ Component Serial No. 431

(Thousands of Dollars)

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

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	-----	-----	-----	-----	-----	-----

(Thousands of Dollars)

FUND SOURCE	FY96	FY97	FY98	FY99	FY00	FY01
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

POSITIONS

POSITIONS	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This legislation would authorize the department to convey lands to the City of Skagway that they inadvertently subdivided and sold as subdivision lots on filled shore lands within the Skagway River. Conveyance of these lands will eliminate a cloud of title to the private property owners. This legislation will automatically be repealed in 1998 after the conveyance to Skagway has been completed. There are no known public interest values that would be impacted by this conveyance.

There will be no fiscal impact to the department associated with passage of this legislation. The cost to convey land to the City of Skagway will be partially absorbed by the department as part of the municipal entitlement conveyance program work, or paid by the City of Skagway. There is no anticipated loss of revenue associated with this legislation as the lands to be conveyed to Skagway are not currently under lease agreements.

Amendments to this bill and HB20 could be combined as they are very similar, but address different tide and submerged land conveyance issues.

Prepared by: Ron Swanson, Director *Nico Swan* Phone: 762-2692
 Division: Land Date: 25-Jan-95
 Approved by Commissioner: Nico Swan, for M. Luther and Act. Comm. Date: 1/25/95
 Agency: Natural Resources

Moved -
no objection

9-LS0032\C.3 ✓
Luckhaupt
3/27/95

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSHB 79(FIN)

- 1 Page 3, line 27, following "to a":
2 Delete "municipality"
3 Insert "first class city"
4 Following "of the":
5 Delete "municipality"
6 Insert "city"
- 7 Page 3, line 29:
8 Delete "municipality"
9 Insert "city"
- 10 Page 3, line 31:
11 Delete "municipality"
12 Insert "city"
- 13 Page 4, line 1:
14 Delete "municipality's"
15 Insert "city's"

SENATE FINANCE
COMMITTEE
Amendment Number: 1-B
Bill Number: HR 79
Sponsor: _____ Date: _____
Logged In By: LSJ

AMENDMENT

BS - 3
Adopted

OFFERED IN THE SENATE
TO: CSHB 79(FIN)

1 Page 3, line 27, following "to a municipality":

2 Insert ", but only to the extent the municipality has a remaining entitlement to
3 land under AS 29.65,"

4 Page 3, line 29:

5 Following "municipality":

6 Delete "s"

7 Insert "i"

8 Following "quitclaim":

9 Insert "of land or interest shall be counted against the municipality's remaining
10 entitlement under AS 29.65 and"

11 Page 3, line 30, through page 4, line 1:

12 Delete "except that, if the municipality has a remaining entitlement to land under
13 AS 29.65, the land or interest quitclaimed is counted against the municipality's
14 remaining entitlement"

SENATE FINANCE
COMMITTEE
Amendment Number: 1-C
Bill Number: HB 79
Sponsor: _____ Date: _____
Logged In By: [Signature]

Voice Amend.
p. 3
Jan. 1, 1993

JCS CS FOR HOUSE BILL NO. 79(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 3/6/95

Referred: Rules

Sponsor(s): REPRESENTATIVE MACKIE

A BILL

FOR AN ACT ENTITLED

1 "An Act allowing the Department of Natural Resources to quitclaim land or
2 interests in land, including submerged or shore land, to a municipality to correct
3 errors or omissions of the municipality when inequitable detriment would result
4 to a person due to that person's reliance upon the errors or omissions of the
5 municipality."

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

7 * Section 1. AS 38.05.035(b) is amended to read:

8 (b) The director may

9 (1) delegate the administrative duties, functions or powers imposed
10 upon the director to a responsible employee in the division;

11 (2) grant preference rights for the lease or purchase of state land
12 without competitive bid in order to correct errors or omissions of a state or federal
13 administrative agency when inequitable detriment would otherwise result to a diligent
14 claimant or applicant due to situations over which the claimant or applicant had no

1 control; the exercise of this discretionary power operates only to divest the state of its
2 title to or interests in land and may be exercised only

3 (A) with the express approval of the commissioner; and

4 (B) if the application for the preference right is filed with the
5 director within three years from

6 (i) the occurrence of the error or omission;

7 (ii) the date of acquisition by the state of the land; or

8 (iii) the date of a court decision or settlement nullifying
9 a disposal of state land;

10 (3) grant a preference right to a claimant who shows bona fide
11 improvement of state land or of federal land subsequently acquired by the state and
12 who has in good faith sought to obtain title to the land but who, through error or
13 omission of others occurring within the three years before (A) the application for the
14 preference right, (B) the date of acquisition by the state of the land, or (C) the date of
15 a court decision or settlement nullifying a disposal of state land, has been denied title
16 to it; upon a showing satisfactory to the commissioner, the claimant may lease or
17 purchase the land at the price set on the date of original entry on the land or, if a price
18 was not set at that time at a price determined by the director to fairly represent the
19 value of unimproved land at the time the claim was established, but in no event less
20 than the cost of administration including survey; the error or omission of a predecessor
21 in interest or an agent, administrator, or executor which has clearly prejudiced the
22 claimant may be the basis for granting a preference right;

23 (4) sell land by lottery for less than the appraised value when, in the
24 judgment of the director, past scarcity of land suitable for private ownership in any
25 particular area has resulted in unrealistic land values;

26 (5) when the director determines it is in the best interest of the state
27 and will avoid injustice to a person or the heirs or devisees of a person, dispose of
28 land, by direct negotiation to that person who presently uses and who used and made
29 improvements to that land before January 3, 1959, or to the heirs or devisees of the
30 person; the amount paid for the land shall be its fair market value on the date that the
31 person first entered the land, as determined by the director; a parcel of land disposed

1 of under this paragraph shall be of a size consistent with the person's prior use, but
2 may not exceed five acres;

3 (6) dispose of an interest in land limited to use for agricultural purposes
4 by lottery;

5 (7) convey to an adjoining landowner for its fair market value a
6 remnant of land that the director considers unmanageable or a parcel of land created
7 by a highway right-of-way alignment or realignment, or a parcel created by the
8 vacation of a state-owned right-of-way if

9 (A) the director determines that it is in the best interests of the
10 state;

11 (B) the parcel does not exceed the minimum lot size under an
12 applicable zoning code; and

13 (C) the director and the platting authority having land use
14 planning jurisdiction agree that conveyance of the parcel to the adjoining
15 landowner will result in boundaries that are convenient for the use of the land
16 by the landowner and compatible with municipal land use plans;

17 (8) for good cause extend for up to 90 days the time for rental or
18 installment payments by a lessee or purchaser of state land under this chapter if
19 reasonable penalties and interest set by the director are paid;

20 (9) quitclaim land or an interest in land to the federal government on
21 a determination that the land or the interest in land was wrongfully or erroneously
22 conveyed by the federal government to the state;

23 (10) negotiate the sale or lease of state land at fair market value to a
24 person who acquired by contract, purchase, or lease rights to improvements on the land
25 from another state agency or who leased the land from another state agency;

26 (11) quitclaim land or an interest in land, including submerged or
27 shore land, to a municipality to correct errors or omissions of the municipality
28 when inequitable detriment would result to a person due to that person's reliance
29 on the errors or omissions of the municipality, the quitclaim shall be made on
30 such terms and conditions as the director considers appropriate except that, if the
31 municipality has a remaining entitlement to land under AS 29.65, the land or

*made before Jan 1, 1993
Adopted.*

*Amends 1-B Adopted
1-C*

1 interest quitclaimed is counted against the municipality's remaining entitlement.

2 * Sec. 2. AS 38.05.035(b)(11) is repealed January 1, 1997.

DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

907-465-3867 or 465-2450
907-465-2029
Mail Stop 3101

3/28/95
Called
Jerry for
Final 9:30
am

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

MEMORANDUM

March 27, 1995

SUBJECT: CSHB 79(FIN) - Limiting the Types of Municipalities Entitled to Receive Quitclaims Under the Committee Substitute (Work Order No. 9-LS0032\C.2 - \C.3)

TO: Representative Jerry Mackie

FROM: Gerald P. Luckhaupt *GPL*
Legislative Counsel

Enclosed are the amendments you requested. Amendment C.2 inserts "first class city" for "municipality" the first time it appears in the language being added on page 3 of the CS. This change leaves the remaining language and its references to "municipality", while not technically incorrect, sounding somewhat funny or strained. Therefore, I drafted amendment C.3 to ensure that the amendment works and makes sense.

Keeping the other references to "municipality" as amendment C.2 does, does not improve or otherwise make that amendment better in terms of the title than amendment C.3. I believe that, no matter which amendment is utilized, a title amendment is not necessary. The title provides for "quitclaim[s] of land or interests in land . . . to a municipality . . ." It does not provide for quitclaims to all municipalities. Therefore, I believe that amendments C.2 and C.3 fit within the title of CSHB 79(FIN).

GPL.klb
95-207.klb

Enclosures

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSHB 79(FIN)

- 1 Page 3, line 27, following "to a":
- 2 Delete "municipality"
- 3 Insert "first class city"

SENATE FINANCE
COMMITTEE
Amendment Number: _____
Bill Number: 4879
Sponsor: _____ Date: _____
Logged In By: LSL

Alaska State Legislature

REPRESENTATIVE
JERRY MACKIE



House of Representatives

ALASKA STATE CAPITOL
JUNEAU, ALASKA 99801-1182
(907) 465-4925

PO. BOX 795
CRAIG, ALASKA 99921
(907) 826-1008 OFFICE
(907) 826-2930 HOME

March 10, 1995

MEMORANDUM

To: Sen. Halford, Chair
Senate Finance Committee

From: Rep. Mackie *Jm*

Re: Request for a hearing on HB 79.

I respectfully request a committee hearing of HB 79 at your earliest convenience. Attached is a sponsor statement, a copy of the bill, and other backup material. The Departments of Natural Resources and Community & Regional Affairs have submitted zero fiscal notes. I would be happy to supply any additional information you may require.

Thank you for your consideration of this request.

Alaska State Legislature

ALASKA STATE CAPITOL
JUNEAU, ALASKA 99801-1182
(907) 465-4925

REPRESENTATIVE
JERRY MACKIE



House of Representatives

PO BOX 795
CRAIG, ALASKA 99921
(907) 826-3008 OFFICE
(907) 826-2930 HOME

SPONSOR STATEMENT

ON

CS HB 79(FIN)

I introduced HB 79 at the request of the City of Skagway to correct a long standing land ownership problem in Skagway. Fifty years ago a dike was constructed along the Skagway River to protect the town from flooding. Over the years, the area between the original river bank and the dike has been reclaimed and subdivided by the city with lots sold and built upon (see attached map). Even the High school is located in the area.

The problem is that the city did not have clear title to this land from the start. Hence, the title for subsequent private property owners is also clouded. Not only are the owners' investments and improvements at risk, but bank financing for further improvements or sales is foreclosed.

In the past several years, the city and the Department of Natural Resources have unsuccessfully sought an administrative remedy for the problem. While current statute allows DNR administrative discretion in resolving land ownership errors and omissions for individual citizens [AS 38.05.035 (b) (2) and (b) (3)], there is no similar provision for errors and omissions of a municipality.

HB 79 would add such a provision. The new proposed subsection, AS 35.05.035 (b) (11), allows the director of the division of lands the discretion to quitclaim land to a municipality to correct past errors and omissions. The director may also set any terms or conditions that is deemed appropriate for the transaction. Furthermore, land title transferred to a municipality in this manner is counted against the municipality's general land grant entitlement from the state.

Section 2 provides a January 1, 1997 repeal of AS 35.05.035 (b) (11). Thus, the opportunity to correct municipal land ownership errors is limited to a one and one-half year period.

Finally, this bill was introduced in the last session. It progressed through the House and Senate until time ran out in the Senate Rules committee. It is my hope that the bill will be enacted this year so that the problem is resolved.

Okayed by
Cam +
Sen. Sharp
9-LS0032VF
3/23/95
2:30pm

SENATE CS FOR CS FOR HOUSE BILL NO. 79(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVE MACKIE

A BILL

FOR AN ACT ENTITLED

1 "An Act allowing the Department of Natural Resources to quitclaim land or
2 interests in land, including submerged or shore land, to a municipality to correct
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13 administrative agency when inequitable detriment would otherwise result to a diligent
14 claimant or applicant due to situations over which the claimant or applicant had no

1 control; the exercise of this discretionary power operates only to divest the state of its
2 title to or interests in land and may be exercised only

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4 (B) if the application for the preference right is filed with the
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6 (i) the occurrence of the error or omission;

7 (ii) the date of acquisition by the state of the land; or

8 (iii) the date of a court decision or settlement nullifying
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10 (3) grant a preference right to a claimant who shows bona fide
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12 who has in good faith sought to obtain title to the land but who, through error or
13 omission of others occurring within the three years before (A) the application for the
14 preference right, (B) the date of acquisition by the state of the land, or (C) the date of
15 a court decision or settlement nullifying a disposal of state land, has been denied title
16 to it; upon a showing satisfactory to the commissioner, the claimant may lease or
17 purchase the land at the price set on the date of original entry on the land or, if a price
18 was not set at that time at a price determined by the director to fairly represent the
19 value of unimproved land at the time the claim was established, but in no event less
20 than the cost of administration including survey; the error or omission of a predecessor
21 in interest or an agent, administrator, or executor which has clearly prejudiced the
22 claimant may be the basis for granting a preference right;

23 (4) sell land by lottery for less than the appraised value when, in the
24 judgment of the director, past scarcity of land suitable for private ownership in any
25 particular area has resulted in unrealistic land values;

26 (5) when the director determines it is in the best interest of the state
27 and will avoid injustice to a person or the heirs or devisees of a person, dispose of
28 land, by direct negotiation to that person who presently uses and who used and made
29 improvements to that land before January 3, 1959, or to the heirs or devisees of the
30 person; the amount paid for the land shall be its fair market value on the date that the
31 person first entered the land, as determined by the director; a parcel of land disposed