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3236

HHESS

HCR 25 - HJR 59

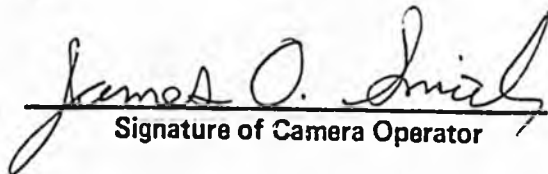
1/2

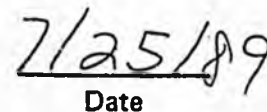


# RECORDS CERTIFICATION



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Signature of Camera Operator

  
Date

HCR

25

**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE**

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

**REQUEST**

Bill/Resolution No. : HCR 25  
 Title : amending uniform rules  
relating to health and social  
services and education...  
 Sponsor : Thompson et al  
 Requestor : HESS  
 Date of Request : 2/5/86

**FISCAL DETAIL**

Agency Affected : Legislature  
 BRU : \_\_\_\_\_  
 \_\_\_\_\_  
 Components : \_\_\_\_\_  
 \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERV						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

<b>CAPITAL</b>	0	0	0	0	0	0
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<b>REVENUE</b>						
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	0	0	0	0	0	0

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by : *Mark L. Lumbert* Phone : 465-3759  
 Division : House HESS Committee Date : 2/5/86  
 Approved by Commissioner : \_\_\_\_\_ Date : \_\_\_\_\_  
 Agency : \_\_\_\_\_

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Introduced: 4/1/85  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY THOMPSON, CLOCKSIN, SHULTZ,  
FRANK AND COLLINS

2

HOUSE CONCURRENT RESOLUTION NO.25

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

Proposing an amendment to the Uniform  
Rules of the Alaska State Legislature  
relating to the Health and Social Ser-  
vices Committees and the Education  
Committees.

6

7

8

9

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

11 \* Section 1. Rule 20(a) of the Uniform Rules of the Alaska State Legis-  
12 lature is amended to read:

13

(a) Each house has the following standing committees with the  
14 jurisdiction indicated:

15

Finance (all appropriation, revenue, capital improvement, and  
16 bonding measures, the executive budget, and the programs and activ-  
17 ities of the Department of Revenue)

18

Health [, EDUCATION] and Social Services (the programs and  
19 activ ties of the Department of Health and Social Services [, THE  
20 DEPARTMENT OF EDUCATION, AND THE UNIVERSITY OF ALASKA])

21

Education (the programs and activities of the Department of  
22 Education and the University of Alaska)

23

Judiciary (the programs and activities of the Alaska Court  
24 System and the Department of Law, and the legal and substantive review  
25 of bills referred to it for that purpose)

26

Labor and Commerce (the programs and activities of the Depart-  
27 ment of Labor relating to labor-management relations, industrial  
28 safety, unemployment ccmpensation, and workers' compensation and the  
29 programs and activities of the Department of Commerce and Economic

1 Development)

2 Community and Regional Affairs (the programs and activities of  
3 the Department of Community and Regional Affairs and other matters  
4 relating to political subdivisions)

5 Resources (the programs and activities of the Departments of  
6 Fish and Game, Natural Resources, and Environmental Conservation)

7 Rules (interpretation of the Uniform Rules, calendar, the in-  
8 ternal administration of the house and matters pertaining to the  
9 management of the legislature as a whole)

10 State Affairs (programs and activities of the Office of the  
11 Governor and the Departments of Administration, Military Affairs and  
12 Public Safety, and programs and activities of the Department of Trans-  
13 portation and Public Facilities relating to public facilities)

14 Transportation (programs and activities of the Department of  
15 Transportation and Public Facilities relating to transportation and  
16 other legislative matters relating to transportation).



Original sponsors: Thompson, Clockain,  
Shultz, et al

1 IN THE HOUSE

BY THE HEALTH, EDUCATION, AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 25 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 Proposing an amendment to the Uniform  
6 Rules of the Alaska State Legislature  
7 relating to the jurisdiction of certain  
8 standing committees.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. Rule 29(a) of the Uniform Rules of the Alaska State Legis-  
11 lature is amended to read:

12 (a) Each house has the following standing committees with the  
13 jurisdiction indicated:

14 Finance (all appropriation, revenue, capital improvement, and  
15 bonding measures, the executive budget, and the programs and activ-  
16 ities of the Department of Revenue)

17 Health [, EDUCATION] and Social Services (the programs and  
18 activities of the Department of Health and Social Services [, THE  
19 DEPARTMENT OF EDUCATION, AND THE UNIVERSITY OF ALASKA])

20 Education (the programs and activities of the Department of  
21 Education and the University of Alaska)

22 Judiciary (the programs and activities of the Alaska Court  
23 System, [AND] the Department of Law, and the Department of Correc-  
24 tions and the legal and substantive review of bills referred to it for  
25 that purpose)

26 Labor and Commerce (the programs and activities of the Depart-  
27 ment of Labor relating to labor-management relations, industrial  
28 safety, unemployment compensation, and workers' compensation and the  
29 programs and activities of the Department of Commerce and Economic

1 Development)

2 Community and Regional Affairs (the programs and activities of  
3 the Department of Community and Regional Affairs and other matters  
4 relating to political subdivisions)

5 Resources (the programs and activities of the Departments of  
6 Fish and Game, Natural Resources, and Environmental Conservation)

7 Rules (interpretation of the Uniform Rules, calendar, the in-  
8 ternal administration of the house and matters pertaining to the  
9 management of the legislature as a whole)

10 State Affairs (programs and activities of the Office of the  
11 Governor and the Departments of Administration, Military Affairs and  
12 Public Safety, and programs and activities of the Department of Trans-  
13 portation and Public Facilities relating to public facilities)

14 Transportation (programs and activities of the Department of  
15 Transportation and Public Facilities relating to transportation and  
16 other legislative matters relating to transportation).

EDUCATION COMMITTEE IN LEGISLATURE

WHEREAS, Alaska's commitment to education has made it available to all people;  
and

WHEREAS, the largest single element of the State Operating Budget is expended  
in support of education; and

WHEREAS, the state bureaucracy has a department of education unto itself; and

WHEREAS, the legislature currently addresses education issues in the Health,  
Education and Social Services (HESS) Committee; and

WHEREAS, the existing legislative HESS Committee must review many non-education  
concerns; and

WHEREAS, education in Alaska is too essential not to focus on it exclusively at  
the legislative committee level,

THEREFORE BE IT RESOLVED, that the Association of Alaska School Boards endorses  
HCR 25 amending the Uniform Rules of the Alaska Legislature to create a separate  
education committee.

DISPOSITION OF BILLS REFERRED TO HOUSE HESS

<u>Subject Matter</u>	<u>Total</u>	<u>Passed Out</u>	<u>Other Bill On Topic Passed</u>	<u>Heard But Not Passed</u>	<u>Waived</u>	<u>Never Heard</u>
Health and Social Services	52	29	3	4	2	13
Education	45	23	5	3	1	13
Corrections	8	5	1	1	0	1
Miscellaneous	21	7	0	0	4	10
Total	126	64	9	8	7	37



# RECORDS CERTIFICATION



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*James O. Smith*  
Signature of Camera Operator

*7/25/89*  
Date

HCR

43

HOUSE  
COMMITTEE REPORT

(7)

Date referred: 2/5/86

FURTHER REFERRALS: RESOURCES

DATE: March 4, 1986

HEALTH, EDUCATION AND  
The SOCIAL SERVICES Committee has considered HCR 43

Relating to the University of Alaska School of Mineral Industry, Mineral Industry Research Laboratory and Mining Extension Program.

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with \_\_\_\_\_  same title
- replace with \_\_\_\_\_  new title

and recommends \_\_\_\_\_

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Max Gurenberg  
Steve Kojima  
Vice Chair Robin Taylor  
Katie Hurrely  
[Signature]  
David W. Thompson

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Max Gurenberg  
 Co-Chairman  
Steve Kojima  
 Co-Chair

**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE**

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

**REQUEST**

Bill/Resolution No.: House Resolution 43  
 Title: Relating to UA School of Mineral Industry, Mineral Ind. Res. Lab and Mining Extension Program  
 Sponsor: Davis, Koponen, Frank, Shultz  
 Requestor: \_\_\_\_\_  
 Date of Request: March 7, 1986

**FISCAL DETAIL**

Agency Affected: University of Alaska  
 BRU: University of Alaska - Fairbanks, Organized Research  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-				

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

**FUNDING : (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-				

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

See attached page.

Prepared by: Brian Rogers, Budget Director

Phone: 474-7593

Division: University of Alaska

Date: March 10, 1986

Approved by Commissioner: *James Carter*  
 Agency: University of Alaska

Date: March 10, 1986

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 43

## Assumptions

1. Mining operations will continue to have difficulty in complying with water quality regulations and standards for discharges from mining operations into receiving streams. Solutions utilizing new technology are needed for these problems before serious disruption occurs to the mining industry. This fiscal note does not attempt to calculate the impact to the state if miners are forced to curtail operations due to water quality regulations.
2. A comprehensive study on mining water quality control is needed on the soils contributing to and the causing of turbidity including those of organic muck, clay, decomposed bedrock and combinations of thereof. Emphasis should be placed on the application of available treatment technology as well as the evaluation of new and innovative treatment strategies.
3. Any studies or publications required will be funded by outside research grants and contracts.

## Program Summary:

1. Positions. No new permanent positions will be created as a result of House Resolution 43.
2. Other expenditures needed to complete the water quality control analyses will also be absorbed with existing budgets.
3. No additional funding will be required by the University as the study would be a regular research grant covered within the existing budget authority levels.

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

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

**REQUEST**

Bill/Resolution No. : House Resolution 43  
 Title : Relating to UA School of Mineral Industry, Mineral Ind Res Lab and Mining Extension Program  
 Sponsor : David, Koponen, Frank and Shultz  
 Requestor : \_\_\_\_\_  
 Date of Request : March 7, 1986

**FISCAL DETAIL**

Agency Affected : University of Alaska  
 BRU : University of Alaska - Fairbanks, Organized Research  
 Components : \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		165.3				
TRAVEL		6.0				
CONTRACTUAL		85.0				
SUPPLIES		15.0				
EQUIPMENT		10.0				
LAND & STRUCTURES						
GRANTS, CLAIMS		76.6				
MISCELLANEOUS						
TOTAL OPERATING		357.9				

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

**FUNDING : (Thousands of Dollars)**

GENERAL FUND		357.9				
FEDERAL FUNDS						
OTHER						
TOTAL		357.9				

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

See attached page.

Prepared by : Brian Rogers, Budget Director  
 Division : University of Alaska

Phone : 474-7593  
 Date : March 10, 1986

Approved by Commissioner : *Shirley Carter*  
 Agency : University of Alaska

Date : March 10, 1986

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 43

## Assumptions

1. Mining operations will continue to have difficulty in complying with water quality regulations and standards for discharges from mining operations into receiving streams. Solutions utilizing new technology are needed for these problems before serious disruption occurs to the mining industry. This fiscal note does not attempt to calculate the impact to the state if miners are forced to curtail operations due to water quality regulations.
2. A comprehensive study on mining water quality control is needed on the soils contributing to and the causing of turbidity including those of organic muck, clay, decomposed bedrock and combinations of thereof. Emphasis should be placed on the application of available treatment technology as well as the evaluation of new and innovative treatment strategies.
3. The proposed study will be completed in two phases. Only the first phase costs are covered by this fiscal note. A progress report on Phase I will be available on July 1, 1987 with a final report on Phase I submitted on or before December 31, 1987. Advances in wastewater management and other techniques are made available to miners in the field.

## Program Summary:

1. Positions. No new permanent positions will be created as a result of House Resolution 43. Personal services costs include 4 staff months of the co-principal mining engineer investigator, 5 staff months of the co-principal environmental engineer investigator, 50 months of graduate student labor and related fringe and staff benefits. Total personal services costs are \$165,310.

2. Other major expenditures include:

- Laboratory and field supplies	\$ 10,000
- Advisory Resources Services	9,000
- Services (Telephone, copying, report preparation, film, etc.	85,000
- Travel.	6,000
- Overhead on above expenditures.	76,562
- Equipment.	10,000
- Publication of brochures, newsletters and bulletins for distribution to the mining community. Preparation, printing and secretarial costs	<u>76,000</u>

Total Phase I Costs

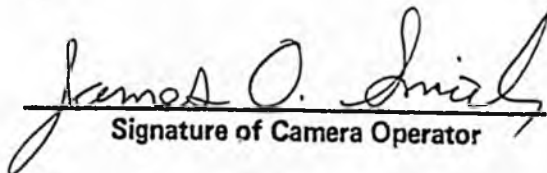
\$357,872

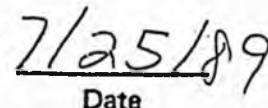


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Signature of Camera Operator

  
Date

HCR

50

HOUSE  
COMMITTEE REPORT

(7)

Date referred: 2/17/86

FURTHER REFERRALS: FINANCE

DATE: March 4, 1986

HEALTH, EDUCATION AND  
The SOCIAL SERVICES

Committee has considered HCR 50

Establishing a joint committee on mental health trust land.

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CSHCR 50
  - same title
  - new title

and recommends do pass

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature] co-chairman

[Signature]

[Signature]

POSITION PAPER

HOUSE CONCURRENT RESOLUTION NO. 50

"Establishing a joint committee on mental health trust land"

The department supports this bill.

The 1985 Supreme Court decision establishing mental health trust lands has broad reaching policy ramifications for the State or Alaska and its citizenry. There are many avenues to carry out the original intent of the trust, including mechanisms established by the Administration, the Courts, and the Legislature.

The department supports an indepth legislative examination of this important public policy issue. Should this resolution be adopted, we would be pleased to assist the committee in any appropriate manner, particularly as their work relates to assessment of need for mental health services.

RECOMMENDED BY:

*Karen Perdue*

Karen Perdue  
Assistant Commissioner  
for Administration

DATE:

*3/4/86*

APPROVED BY:

*John R. Pugh*

John R. Pugh  
Commissioner

DATE:

*3/4/86*

Testimony of Senator Joe Josephson  
House HESS Committee  
HCR 50

March 4, 1986

I would like to thank Representative Gruenberg for introducing HCR 50 and for his long-standing interest in addressing the State's responsibilities for the mental health land trust.

My long-term goal in resolving the mental health lands dispute has been to develop a trust of sufficient size to adequately fund mental health programs for future generations. Because of unresolved legal issues, declining oil revenue projections, and lack of time during the remaining session, I have concluded that a long-term solution to the mental health lands dispute, satisfactory to all, was unlikely to be found this year.

I believe, though, there are a number of actions the Legislature should take this year so that we will be in a better position to enact a long-term solution during our 1987 session:

1. Provide funding in the operating budget to the Department of Natural Resources and the Department of Health and Social Services to enable them to complete the land and expenditure audits required by the recent court order.

2. Provide funding for the plaintiffs and intervenors to more fully participate in settling the lawsuit. Funds are needed for these groups to review the State's audits of land revenues and program expenditures, as well as travel and organizing expenses for their board members to be involved in the settlement process.

3. Increase funding for immediate mental health program needs through the operating budget and SE 388/HB 412 programs for the chronically mentally ill. The bottom line in the mental health lands dispute is increased program funding, and the Legislature must show an intent to expand our treatment programs in the FY'87 budget.

4. Establishing a joint committee on mental health trust land to work on settlement proposals before the 1987 session begins, via SCR 36 or HCR 50.

The differences between my SCR 36 and Representative Gruenberg's HCR 50 are not major; the primary difference is that SCR 36 would include two public members and two commissioners on the legislative committee, while HCR 50 would include only legislators. I deeply believe that public membership will add important perspectives and will help create better understanding and support for the eventual work product of the committee.

Senator Josephson  
Page Three

I appreciate this opportunity to testify before the Committee, and look forward to working with you on addressing our responsibility for the mental health land trust.

Original sponsors: Gruenberg, Koponen,  
Hurley, et al

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 50 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 Establishing a joint committee on mental  
6 health trust land.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the United States Congress granted 1,000,000 acres of land to  
9 the Territory of Alaska to be administered as a public trust for the neces-  
10 sary expenses and support of mental health in the territory; and

11 WHEREAS in October 1985, the Alaska Supreme Court determined that the  
12 1978 decision of the Alaska Legislature to redesignate mental health trust  
13 land as general grant land had breached the trust established by the Con-  
14 gress; and

15 WHEREAS the legislature, the administration, and mental health advo-  
16 cates agree that the state must comply with federal law and the Alaska  
17 Supreme Court decision; and

18 WHEREAS the legislature must be involved in the resolution of issues  
19 involving mental health trust land;

20 BE IT RESOLVED by the Alaska State Legislature that a Joint Committee  
21 on Mental Health Trust Land is established under Uniform Rule 21(b); and be  
22 it

23 FURTHER RESOLVED that the Joint Committee on Mental Health Trust Land  
24 is composed of three members of the Senate appointed by the president of  
25 the Senate, and three members of the House of Representatives appointed by  
26 the speaker of the House of Representatives; and be it

27 FURTHER RESOLVED that the Joint Committee on Mental Health Trust Land  
28 develop, after public hearings, a proposal to resolve the mental health  
29 trust litigation and recommend a level of appropriations adequate to



DISTRICT 27:  
AKHIOK  
CHIGNIK  
CHIGNIK LAGOON  
CHIGNIK LAKE  
CHINIAK  
IVANOF BAY  
KARLUK  
KODIAK  
LARSEN BAY  
OLD HARBOR  
OUZINKIE  
PERRYVILLE  
PORT LIONS  
WOMENS BAY

# Alaska State Legislature



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(907) 465-2487  
(907) 465-2498

P. O. BOX 75  
KODIAK, ALASKA 99615  
(H) (907) 486-4899  
(LHO, (907) 486-8116

Representative  
Dave Thompson

## M E M O R A N D U M

TO: Rep. Max Gruenberg                      DATE: March 13, 1986

FROM: Rep. David W. Thompson              SUBJ: Appointment

Should HCR 50, establishing a joint committee on mental health trust land pass this session, I wish to be appointed to the the interim committee.

*DWT*

Introduced: 2/17/86  
Referred: Health, Education,  
Social Services and Finance

BY GRUENBERG, KOPONEN, HURLEY,  
TAYLOR, HANLEY, PETTYJOHN AND  
THOMPSON

1 IN THE HOUSE

2

HOUSE CONCURRENT RESOLUTION NO. 50

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

Establishing a joint committee on mental

6

health trust land.

7

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8

WHEREAS the United States Congress granted 1,000,000 acres of land to  
9 the Territory of Alaska to be administered as a public trust for the neces-  
10 sary expenses and support of mental health in the territory; and

11

WHEREAS in October 1985, the Alaska Supreme Court determined that the  
12 1978 decision of the Alaska Legislature to redesignate mental health trust  
13 land as general grant land had breached the trust established by the Con-  
14 gress; and

15

WHEREAS the legislature, the administration, and mental health advo-  
16 cates agree that the state must comply with <sup>FEDERAL LAW</sup> [the intent of the Congress] and  
17 the Alaska Supreme Court decision; and

18

WHEREAS the legislature must be involved in the resolution of issues  
19 involving mental health trust land;

20

BE IT RESOLVED by the Alaska State Legislature that a Joint Committee  
21 on Mental Health Trust Land is established under Uniform Rule 21(b); and be  
22 it

23

FURTHER RESOLVED that the Joint Committee on Mental Health Trust Land  
24 is composed of three members of the Senate appointed by the president of  
25 the Senate, and three members of the House of Representatives appointed by  
26 the speaker of the House of Representatives; and be it

27

FURTHER RESOLVED that the Joint Committee on Mental Health Trust Land  
28 develop, after public hearings, a proposal to resolve the mental health  
29 trust litigation and recommend a level of appropriations adequate to

1 provide sufficient funding for mental health programs in the future; and be  
2 it

3       FURTHER RESOLVED that the committee is authorized to meet during and  
4 between sessions of the legislature and is to report its recommendations  
5 and findings on the first day of the First Session of the Fifteenth State  
6 Legislature; and it

7       FURTHER RESOLVED that the committee terminates on the 10th day of the  
8 First Session of the Fifteenth State Legislature.

9

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date : 3/5/86

**REQUEST**

Bill/Resolution No. : HCR 50  
 Title : establish joint committee  
on mental health lands

Sponsor : Gruenberg  
 Requestor : House HESS  
 Date of Request : 3/5/86

**FISCAL DETAIL**

Agency Affected : legislature  
 BRU : \_\_\_\_\_

Components : \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		21.7				
TRAVEL		3.0				
CONTRACTUAL		5.6				
SUPPLIES		.3				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>30.6</b>				

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND		30.6				
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		<b>30.6</b>				

**POSITIONS :**

FULL-TIME						
PART-TIME		1				
TEMPORARY						

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

This fiscal note calls for a half-time professional assistant (Range 21A) to work for the committee. Salary for a nine month period is \$17,239.50 plus \$4,482.27 in benefits.

Prepared by : Representative Max F. Gruenberg, Jr. Phone : 465-4968

Division : House HESS Committee Date : 3/5/86

Approved by Co-Chair Commissioner Date : 3/5/86

Agency : House HESS Committee

Distribution (by Agency preparing fiscal note) :

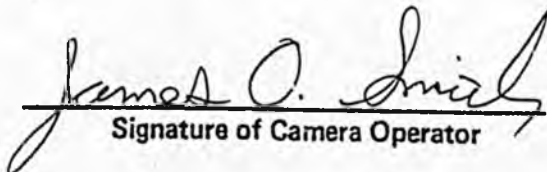
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

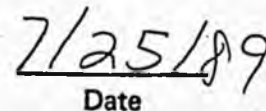


# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date

HJR

58

# State of Alaska

## COMMITTEES

HOUSE HEALTH, EDUCATION  
AND SOCIAL SERVICES  
(Co-Chairman)  
HOUSE JUDICIARY  
HOUSE COMMUNITY AND  
REGIONAL AFFAIRS



P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 165-4968

914 CLAY COURT  
ANCHORAGE, ALASKA 99503  
(907) 276-6844

Representative Max F. Gruenberg, Jr.  
District 11  
Spenard, Upper Midtown Anchorage

HIR 58

April 23, 1986

William T. Pound  
Director  
Denver Office  
National Conference of State Legislatures  
1050 Seventeenth Street, Suite 2100  
Denver, Colorado 80265

Dear Mr. Pound:

I enjoyed meeting with you in Juneau and wanted to touch bases with you on a couple of items. First, I would like to receive the latest NCSL publication list. There are a couple of publications I'd like to order.

Also, I am sending you copies of two resolutions which were adopted by the Western Legislative Conference in 1985 and the Alaska Legislature this year. These resolutions, (1) dealing with AFDC error reduction and quality control and (2) easing restrictions on Medicaid waivers, are important to all states. Also enclosed is an article from the March '86 State Legislatures magazine relating to AFDC error rates. (I would encourage NCSL to take action upon similar resolutions at your next general assembly.) I'd offer these two resolutions in New Orleans myself, but probably won't be able to attend the meetings.

Thanks for all the assistance our office has received from NCSL and for lunch yesterday. I look forward to our continuing relationship.

Cordially,

  
Max F. Gruenberg, Jr.

Enclosures

MG/de

MEMORANDUM

TO: MAX GRUENBERG  
FROM: NANCY BENNETT  
DATE: JUNE 10, 1985  
RE: MEDICAID WAIVER

BACKGROUND

The Medicaid waiver for Home and Community Based Services, known as 1915 (c) waivers, was established in 1981 by a federal law known as OBRA, section 2176 (Omnibus Reconciliation Act of 1981).

The original concept of the waiver was to contain rapidly rising medical costs by offering payment for services within the community to maintain the elderly, the mentally retarded and the mentally ill out of high cost institutions. States can apply for Medicaid waivers for a variety of services and eligible groups based on needs of the individual state, although the process is cumbersome and time consuming. The law has allowed states great flexibility in the past in determining what kinds of alternative services may be offered, what groups may be targeted and what geographical areas of the state will be covered. Applicants must be screened, and states must establish a pre-admission screening/case management service for the clients. Applicants must also be eligible for Medicaid if institutionalized, must be in the process of applying for institutionalization and the services provided through the waiver must cost the same or less than institutional services.

Nationally, it has been found that only 7% of the Medicaid clients are elderly but that this group uses over 50% of the funding available, with expenditures for nursing home care taking the major portion. By 1984, there were 138 applications filed by 47 states; one year before, in 1983, there were only 69 requests from 39 states. The increased activity of states in attempting the arduous process of waiver application indicates the perceived need for these services. In many cases, the quality of life of clients maintained in the community by personal care attendants, home health and other services is a major consideration.

Studies have shown that the most cost effective method of service delivery of home and community based services is through strict limitation of the services to targeted groups. Also shown, is that alternative services have not brought about the enormous cost savings which had been predicted, and, in fact, have often proven to be cost neutral. Some states, such as Alaska, "purchase" nursing home beds contractually through Medicaid on a prospective basis. While this method allows the state and providers of services to prepare budgets and plan with assurance, it also commits funding so

that it cannot be diverted for other services without a policy change.

#### ALASKAN EXPERIENCE

Alaska has higher nursing home costs than are experienced nationally, but as in other states, finds that a small number of Medicaid clients use the major portion of funding through institutional services (nursing homes, API and Harborview and this year Hope Cottages will become Medicaid eligible). Alaska also has a disproportionately high number of people handicapped by serious injuries (no doubt connected with our high accident rate) who cannot qualify for D.D. services and have limited community services available for their use. The chronically mentally ill are another under-served population in the state who could benefit from a range of community services which may eliminate the API "revolving door" syndrome.

The Senate HESS Committee instructed Commissioner Helen Bierne, Department of Health and Services, to apply for a Medicaid Waiver for non-institutional services in 1982, and amended the Medicaid statute at that time to indicate legislative approval for funding these services. Since that time, the state has been in the process of applying for the waiver - each application has been returned for more information or verification of information. The latest request, signed by the Governor in early 1985, was returned to be re-written according to the final Medicaid Waiver regulations just published this spring. Unlike other states, Alaska does not have a full time person working on the Medicaid waiver, and has lost two Medical Assistance Division positions in this year's budget process, so it is unknown when the Division will be able to complete the total re-write of the waiver application.

#### THE FUTURE OF THE MEDICAID WAIVER

The effect of the new regulations is devastating, and has been interpreted by some to mean that the administration is dumping the program. Some facets of the final regulations include:

1. States must estimate populations and costs of services. If the estimate is exceeded, the federal government will not reimburse but, rather, those costs must be born by the state and the state may not place a cap on services.
2. It is now more difficult to become eligible for waiver services. The draft regulations formerly controlling the program allowed waiver services if the difference between services and institutionalization was cost neutral, now all Medicaid costs (including medical services) must be compared to the cost of the waiver and the waiver must prove to be less expensive.

3. There is a greater emphasis on health and safety standards, which will raise costs to states to verify information.
4. States who have current waivers in place were given only 90 days to comply with new regulations or lose existing waivers.

The only hopeful consideration for the future of the waiver is that the Federal government is considering making non-institutional services an option under the Medicaid program. The effect of this change is that states could include selected services in their State Plan, and it would be absorbed into the normal Medicaid process. Of course, the regulations would need to be examined prior to final comment, but if the code allowed states sufficient flexibility in selecting services offered and eligible groups benefited, this process could well be the one of choice.

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

### DIVISION OF MEDICAL ASSISTANCE

BILL SHEFFIELD, GOVERNOR

File 147

POUCH H-07  
JUNEAU, ALASKA 99811

PHONE: (907)  
465-3355

January 23, 1986

The Honorable Max Gruenberg  
Alaska State House  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Gruenberg:

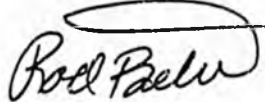
During HESS hearings held January 22, 1986 on HJR58, you requested a complete list of community services that Medicaid would pay for if our Medicaid waiver was approved. The list is as follows:

- . Adult Residential Care (excluding room and board)
- . Adult Foster Care
- . Home Health Nursing
- . Home Health Aide Services
- . Personal Care Attendant Services
- . Homemaker Services
- . Respite Care
- . Adult Day Care
- . Case Management

I am also enclosing a list of all Medicaid agency heads across the country as you requested.

If I can be of any further help, please let me know.

Sincerely,



Rod Betit  
Director

Enclosure

cc: Commissioner John Pugh

Rep Fortney Stark  
Sub-comm on Health  
Comm on Ways & Means  
House of Rep

1114 Longworth Bldg  
Wash DC 20515

---

Senator Lowell Weicker  
Sub comm Labor, Health & Human Ser  
US Senate  
Washington DC 20570

---

# State of Alaska

## COMMITTEES

HOUSE HEALTH, EDUCATION  
AND SOCIAL SERVICES  
(Co-Chairman)  
HOUSE JUDICIARY  
HOUSE COMMUNITY AND  
REGIONAL AFFAIRS



POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4968

914 CLAY COURT  
ANCHORAGE, ALASKA 99503  
(907) 276-6844

Representative Max F. Gruenberg, Jr.  
District 11  
Spenard, Upper Midtown Anchorage

## MEMORANDUM

DATE: January 24, 1986

TO: Rep. Mike W. Miller, Chairman  
House Rules Committee

FROM: Rep. Max F. Gruenberg, Jr.

SUBJECT: CS HJR 58: Urging the United States Department of Health and Human Services to ease the restrictions on the granting of Medicaid 1915(c) waivers.

CS HJR 59: Urging the United States Congress to pass an amended form of H.R. 1279 (99th Congress), the AFDC Error Reduction and Quality Control Act, or substantially similar legislation.

I would greatly appreciate it if you would schedule CS HJR 58 and CS HJR 59 for the House Floor. This action should not promote controversy, as there is no fiscal note attached and both bills were authored by the full House HESS Committee.

Thank you very much.



Official Business


# Alaska State Legislature

Pouch V  
State Capitol  
Juneau, Alaska 99811

## MEMORANDUM

DATE: January 28, 1986

TO: Senator Bettye Fahrenkamp, Chairperson  
Senate HESS Committee

FROM: Rep. Max Gruenberg, Jr., Co-Chair   
House HESS Committee

SUBJECT: CS HJR 58  
Urging the United States Department of Health and  
Human Services to ease the restrictions on the  
granting of Medicaid 1915(c) waivers.

This resolution is substantially the same as the one introduced at the Western Legislative Conference.

In CS HJR 58, the Committee added additional committees in Congress and other states to receive copies of the Resolution.

I would greatly appreciate an early scheduling of this resolution in your committee.

Thank you very much.

**HOUSE  
COMMITTEE REPORT**

Date referred: 1/16/86

FURTHER REFERRALS:

DATE: Jan 23, 1986

HEALTH, EDUCATION AND  
The SOCIAL SERVICES Committee has considered HJR 58

Urging the United States Department of Health and Human Services to ease the restrictions on the granting of Medicaid 1915(c) waivers.

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HJR 58  same title
- new title

and recommends do pass

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Mr. Greenberg  
Robin L. Taylor  
Sub Koparan  
Rayce Newley  
Katie Newley

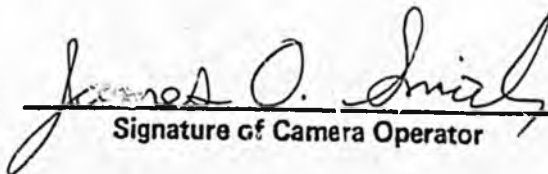
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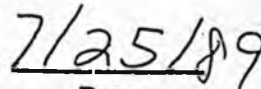
Sub Koparan co-chair -  
Chairman  
Mr. Greenberg



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Signature of Camera Operator

  
Date

HJR

59

HOUSE  
COMMITTEE REPORT

Date referred: 1/16/86

FURTHER REFERRALS:

DATE: Jan 23, 1986

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee has considered HJR 59

Urging the United States Congress to pass an amended form of H.R. 1279 (99th Congress), the AFDC Error Reduction and Quality Control Act, or substantially similar legislation.

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HJR 59  same title
- new title

and recommends do pass

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

*[Handwritten signatures: Mitch Kopp, Robin L. Taylor, Nancy Gandy, Katie Surley]*

*no rec [Handwritten signature]*

*Mitch Koppman co-chair*  
*[Handwritten signature] Co-Chair*

# State of Alaska

## COMMITTEES

HOUSE HEALTH, EDUCATION  
AND SOCIAL SERVICES  
(Co-Chairman)  
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Representative Max F. Gruenberg, Jr.  
District 11  
Spenard, Upper Midtown Anchorage

April 23, 1986

William T. Pound  
Director  
Denver Office  
National Conference of State Legislatures  
1050 Seventeenth Street, Suite 2100  
Denver, Colorado 80265

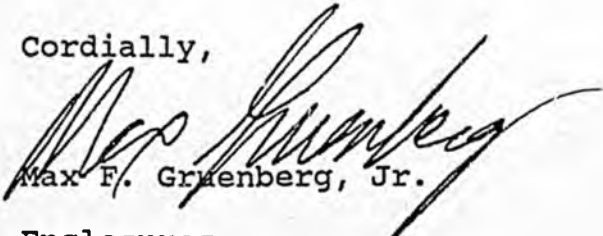
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Thanks for all the assistance our office has received from NCSL and for lunch yesterday. I look forward to our continuing relationship.

Cordially,

  
Max F. Gruenberg, Jr.

Enclosures

MG/de

MEMORANDUM

TO: MAX GRUENBERG  
FROM: NANCY BENNETT  
DATE: JUNE 5, 1985  
RE: THE MATSUI BILL

WHY HAS THE BILL BEEN INTRODUCED?

The federal government has devised quality control guidelines to ensure that states reduce the number of Aid to Families with Dependent Children (AFDC) program errors and pay the right benefits to recipients. Since 1973, with the assistance of improved computer systems, states have made a good faith effort and halved the national error rate.

However, there is some question about the equity of the existing system. Penalties are assessed, not only for improperly paid funds, but for paperwork errors and client errors over which states have little control. States are currently facing over \$1.3 billion dollars in fiscal sanctions for exceeding federally determined error tolerance levels. In order to return this money, states may jeopardize the existing levels of error rates by reducing administrative costs, or pass the reductions on by reducing or restricting AFDC benefits to recipients.

A quality control system is highly desirable, but its purpose should not be to force program cutbacks or shift a heavier financial burden onto states in a time of rising poverty and economic hardship. Rather, the goal should be a cost-effective, timely and equitable system with incentives as well as fair penalties, which will not subvert the reduction of true errors.

The current system notifies states of errors committed after a four year time lapse, uses questionable statistical procedures to develop the rates and fails to take into account economic and geographic conditions and program differences. States are being penalized for conditions which are clearly beyond their control for a complicated system under constant change through federal regulation.

WHAT WILL THE BILL DO?

HR 6295, The AFDC Error Reduction and Quality Control Improvement Act, would ensure that error rate sanctions are fair and based only on misspent funds while encouraging correction of all administrative errors. The bill would also allow individual error rates to be adjusted from the national rate depending on certain

unique conditions within each state, and would require the system to operate in a more timely manner. The Matsui bill will also set up a waiver and appeals process as well as offer rewards to states for low error rates.

#### HOW CAN THE BILL BE IMPROVED?

AFDC is only one of three need based programs facing fiscal sanctions from the federal government. The Medicaid and Food Stamp programs are closely intertwined with AFDC - any change in the circumstances of any one will ultimately effect eligibility and benefits for the others. Each of these three programs have complicated and different requirements for eligibility determination, benefit calculation and quality control. The state of Alaska currently faces over a \$6.3 million dollar total fiscal sanction for these three programs, has filed suits over the sanctions, and will probably be facing an extensive legal battle in defense of the state's actions.

All three separate quality control systems, serving the same clients and creating a total support network, should be included in the Matsui bill. In addition, the systems should be combined to be more efficiently administered, to better coordinate benefits and to reduce the "welfare maze".

The latest development in the Medicaid program, prospective withholding, where the federal government reduces each quarterly payment by the amount anticipated to be the error rate, comes as a blow to states already beyond the budget process, forcing them to take administrative action to compensate for lost funds which had been anticipated. This change in federal procedures threatens an already burdened system and signals the states to expect further unacceptable changes.

The attached letter from Governor Sheffield to the House Ways and Means Committee supports the Matsui bill with one exception, that underpayments to clients not be included in the fiscal sanction, since benefits not issued do not represent loss, waste or abuse. The Governor also points out the geographical necessity for special treatment in calculating error rates for persons living in isolated, rural Alaska not accessible by any commercial transportation.

#### WHAT CAN BE DONE TO HELP IN PASSAGE OF THE BILL?

Any state supporting the concepts of the Matsui bill must contact their Congressional delegation for support. Resolutions passed by state legislatures are another method of demonstrating state support for equitable quality control.

#### ATTACHMENTS:

1. A copy of HR 6295
2. National Governors' Association Infoletter, which explains provisions of the Matsui bill.
3. Letter from Governor Sheffield to the House Ways and Means Committee.
4. Memo from Commissioner Pugh explaining Alaska's fiscal sanctions for AFDC, Medicaid and Food Stamps.

98TH CONGRESS  
2D SESSION

# H. R. 6295

To amend part A of title IV of the Social Security Act to improve quality control standards and procedures under the AFDC program, and to provide for studies to assist in the further improvement of such standards and procedures.

---

## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 24, 1984

Mr. MATSUI introduced the following bill; which was referred to the Committee on Ways and Means

---

## A BILL

To amend part A of title IV of the Social Security Act to improve quality control standards and procedures under the AFDC program, and to provide for studies to assist in the further improvement of such standards and procedures.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 IMPROVEMENTS IN AFDC QUALITY CONTROL STANDARDS

4 AND PROCEDURES

5 SECTION 1. (a) Section 403(i) of the Social Security Act

6 is amended to read as follows:

1       “(X1) In order to establish and maintain improved qual-  
2 ity control standards and procedures in the operation and ad-  
3 ministration of State plans approved under this part—

4       “(A) each State shall collect and submit to the  
5 Secretary, in accordance with a timetable which shall  
6 be established by the Secretary in regulations, a statis-  
7 tically reliable sample of the cases under its plan ap-  
8 proved under this part during each fiscal year or (at  
9 the option of the State) during each of the two 6-  
0 month periods in such year, for purposes of quality  
1 control review under this subsection;

2       “(B) the Secretary shall review and analyze the  
3 sample so submitted and shall notify the State of its  
4 error rate for the period involved within 6 months after  
5 the close of the fiscal year or within 6 months after the  
6 date on which the sample is submitted, whichever is  
7 later, and

8       “(C) the State shall develop and submit to the  
9 Secretary a corrective action plan for eliminating or re-  
0 ducing all errors identified as a result of the Secre-  
1 tary’s review and analysis under subparagraph (B)  
2 (whether or not such errors are subject to inclusion for  
3 purposes of sanctions under this subsection) and, after  
4 such plan has been reviewed and approved by the Sec-  
5 retary, shall implement the corrective actions provided

1       for in such plan in accordance with a timetable estab-  
2 lished by the Secretary in regulations; and the Secre-  
3 tary shall continuously monitor the State’s corrective  
4 action process under such plan.

5 The sample collected and submitted under subparagraph (A)  
6 by a State which has elected to collect an annual sample  
7 rather than two 6-month samples for any fiscal year shall in  
8 no case include a smaller number of cases than the number  
9 that the Secretary determines would be required for a statis-  
10 tically reliable sample if the State had elected instead to col-  
11 lect and submit two 6-month samples for that fiscal year.

12       “(2)(A) Notwithstanding subsection (a)(1) (but subject to  
13 subparagraph (C) and paragraph (3)), if a State’s error rate  
14 for any fiscal year (as defined in paragraph (6)) exceeds the  
15 error rate tolerance level determined for the State (for that  
16 year) under subparagraph (B), then the Secretary shall make  
17 no payment for such fiscal year with respect to the State’s  
18 erroneous payments (as so defined) to the extent that the  
19 inclusion of such payments in determining the State’s error  
20 rate caused such rate to exceed the tolerance level so deter-  
21 mined.

22       “(B) A State’s error rate tolerance level for any fiscal  
23 year shall be 4 percent, increased by—

24       “(i) 0.5 percentage points if the plan of such State  
25 approved under this part provides (throughout such

1 fiscal year) for the payment of aid with respect to de-  
2 .pendent children of unemployed parents as provided in  
3 section 407,

4 "(ii) 0.1 percentage points for each full 20-percent  
5 .increment (up to a maximum of 5 such increments, by  
6 which (I) the ratio of the number of families with  
7 earned income who are receiving aid under such  
8 State's approved plan to the total number of families  
9 receiving such aid exceeds (II) the average ratio, per  
10 State, of the number of families with earned income  
11 who are receiving aid under all of the State plans ap-  
12 proved under this part to the total number of families  
13 receiving such aid, and

14 "(iii) 0.1 percentage points for each full 20-per-  
15 cent increment (up to a maximum of 5 such incre-  
16 ments) by which (I) the population per square mile of  
17 land area in such State exceeds (II) the average popu-  
18 lation per square mile of land area, per State, in all of  
19 the States having plans approved under this part.

20 "(C) In determining the error rate in any State for pur-  
21 poses of this paragraph—

22 "(i) such rate shall be fixed at the lower bound of  
23 the standard interval for errors within which the  
24 State's true error rate falls (as determined without  
25 regard to this clause on the basis of the sample or

1 . . . . . samples collected and submitted by the State under  
2 . . . . . paragraph (1)); and

3 . . . . . "(ii) errors which are technical in nature or have  
4 . . . . . no fiscal impact, such as omissions (from the State's  
5 . . . . . files) of social security account numbers, assignments of  
6 . . . . . support rights, declarations of cooperation in obtaining  
7 . . . . . support, and WIN or other work program registra-  
8 . . . . . tions, shall be disregarded.

9 "(D) The total amount of the sanctions that would oth-  
10 erwise be imposed upon a State under subparagraph (A) on  
11 account of an error rate in excess of the applicable error rate  
12 tolerance level for any fiscal year shall be reduced by the  
13 Federal share of any overpayments collected by such State  
14 (on account of erroneous payments) during that fiscal year.

15 "(3XA) The Secretary, in accordance with this para-  
16 graph, may waive all or any part of any sanction that would  
17 otherwise be imposed upon a State under paragraph (2)(A) if  
18 such State is unable to reach the applicable error rate toler-  
19 ance level for the fiscal year involved despite a good faith  
20 effort by such State.

21 "(B) Any State may request a waiver of all or part of  
22 any sanction that would otherwise be imposed for any fiscal  
23 year under paragraph (2)(A), basing such request upon a  
24 showing that it made (and is continuing to make) a good faith  
25 effort to reduce or eliminate the erroneous payments involved

*how about a provision making the other way for such cases?*

1 but was unable to reach the applicable error rate tolerance  
 2 level for such fiscal year despite that effort. The Secretary  
 3 shall consider and review such request, and either approve it  
 4 or disapprove it in whole or in part, in accordance with a  
 5 timetable which shall be specified in regulations. If the Secre-  
 6 tary disapproves the request, the State may appeal the Sec-  
 7 tary's decision to the Grant Appeals Board in the Depart-  
 8 ment of Health and Human Services for such further action  
 9 as may be provided for by law or regulations (including judi-  
 10 cial review of the Secretary's decision or the Board's deter-  
 11 mination, without regard to any other changes in such regu-  
 12 lations which may hereafter become effective).

13 "(C) In considering and reviewing any request for a  
 14 waiver submitted by a State under this paragraph, the Secre-  
 15 tary shall take into account—

16 "(i) factors beyond the State's control (including  
 17 disasters, strikes by State or other staff personnel en-  
 18 gaged in determining eligibility or processing cases,  
 19 sudden workload changes resulting from changes in  
 20 Federal or State laws or regulations or from rapid  
 21 population growth, and State actions resulting from in-  
 22 correct policy interpretations by Federal officials);

23 "(ii) factors relating to agency commitment, in-  
 24 cluding demonstrated commitment by upper level State  
 25 officials to the error reduction program under this sub-

1 . . . section, the sufficiency and quality of operational sys-  
 2 . . . tems designed to reduce errors, the use of effective  
 3 . . . systems and procedures for the statistical and program  
 4 . . . analysis of quality control and related data, and effec-  
 5 . . . tive management and execution of the corrective action  
 6 . . . process; and

7 . . . "(iii) such other factors as the Secretary may de-  
 8 termine to be appropriate, as specified in regulations or  
 9 as detailed by the State in its waiver request.

10 The Secretary's regulations shall specify the factors to be  
 11 considered and the criteria to be used in assessing waiver  
 12 requests under this paragraph, and shall indicate the relative  
 13 weight or importance of each of such factors and criteria in  
 14 order to assist States in determining the appropriateness of  
 15 proposed requests.

16 "(D) Notwithstanding the preceding provisions of this  
 17 paragraph, the Secretary shall in any case grant a waiver  
 18 requested by a State under subparagraph (B) for any fiscal  
 19 year if the State's corrective action plan submitted under  
 20 paragraph (1)(C), or a separate plan for the reduction of  
 21 errors submitted by the State along with its waiver request,  
 22 provides in detail for the expenditure of additional State and  
 23 local funds for the reduction of errors in such fiscal year in a  
 24 total amount (over and above the amount of State and local  
 25 funds that would otherwise be expended in such fiscal year

1 for the administration of the State plan approved under this  
 2 part) equal to or exceeding one-half of the net amount of the  
 3 sanctions that would otherwise be imposed upon the State  
 4 under paragraph (2)(A) for such fiscal year. Expenditures of  
 5 additional State and local funds for the reduction of errors as  
 6 provided for in the corrective action plan or separate plan  
 7 described in the preceding sentence shall be considered (for  
 8 purposes of subsection (a)) to be expenditures for the proper  
 9 and efficient administration of the State plan approved under  
 10 this part.

11 "(4) If a State's error rate for any fiscal year is less than  
 12 4 percent, the Secretary shall pay to the State as an incen-  
 13 tive payment an amount equal to one-half of the net amount  
 14 by which Federal payments to the State under subsection  
 15 (a)(1) for such fiscal year are reduced because such error rate  
 16 is below 4 percent.

17 "(5)(A) Each State agency administering a plan ap-  
 18 proved under this part shall, at such times and in such form  
 19 as the Secretary may specify, provide information on the  
 20 rates of erroneous payments made in connection with its ad-  
 21 ministration of such plan, together with any other data which  
 22 the Secretary may request that are reasonably necessary for  
 23 the Secretary to carry out the provisions of this subsection.

24 "(B) If a State fails to cooperate with the Secretary in  
 providing information necessary to carry out this subsection,

1 the Secretary, directly or through such contractual or other  
 2 arrangements as the Secretary may find appropriate, shall  
 3 establish the error rates for that State on the basis of the best  
 4 data reasonably available and in accordance with such tech-  
 5 niques for sampling and estimating as the Secretary may find  
 6 appropriate.

7 "(C) In any case in which it is necessary for the Secre-  
 8 tary to exercise the authority under subparagraph (B) to de-  
 9 termine a State's error rate for a fiscal year, the amount that  
 10 would otherwise be payable to such State under this part for  
 11 quarters in such year shall be reduced by the costs incurred  
 12 by the Secretary in making (directly or indirectly) such deter-  
 13 mination.

14 "(6) For purposes of this subsection—

15 "(A) the term 'error rate', with respect to any  
 16 State for any fiscal year, means the ratio of such  
 17 State's erroneous payments for such year (as defined in  
 18 subparagraph (B)) to its total payments under the State  
 19 plan approved under this part for such year, deter-  
 20 mined subject to the adjustments provided for in para-  
 21 graph (2)(C); and

22 "(B) the term 'erroneous payments' means—

23 "(i) payments to ineligible families receiving  
 24 assistance,



DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

POUCH H 01  
JUNEAU, ALASKA 99811  
PHONE: 265-3030

DOCUMENT #85-49

February 25, 1985

The Honorable Max Gruenberg  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Representative Gruenberg:

I know Bob Clem, Supervisor of our Quality Control Office, sent you some materials on U.S. Representative Matsui's bill to reform the AFDC quality control system. We just received the enclosed summary of the Matsui plan. I believe you'll find the summary helpful.

If we can answer any further questions on this subject, please call.

Sincerely,



Connie J. Sipe  
Deputy Commissioner  
for Social Services

Enclosure

cc: Bob Clem



# National Governors' Association

HALL OF THE STATES • 444 North Capitol Street • Washington, D.C. 20001 • (202) 624-5300

## InfoLetter



GOVERNOR'S OFFICE

February 7, 1985

**SUBJECT: The Quality Control System and Fiscal Sanctions for the  
Aid to Families With Dependent Children Program (AFDC)**

In an Action Letter dated November 26, 1984 concerning the same subject, we told you that Representative Robert Matsui of the House Ways and Means Committee will re-introduce his bill in the 99th Congress addressing many of the problems in the current AFDC quality control system. While he has not yet introduced it, he has sent a letter to his House colleagues outlining the details of his bill and requesting cosponsors. That letter is attached for your information. When the bill is introduced within the next several weeks, we will distribute the details to you immediately.

If you have any questions concerning the letter, please call Barry Van Lare, Staff Director for the Committee on Human Resources at (202) 624-5342 or Roy Simon on Barry's staff at (202) 624-7819.



ROBERT T. MATSUI  
3D DISTRICT, CALIFORNIA

COMMITTEE ON  
WAYS AND MEANS

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

WASHINGTON OFFICE  
231 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, D.C. 20515  
(202) 225-7183

DISTRICT OFFICE  
8099 FEDERAL BUILDING  
650 CAPITOL MALL  
SACRAMENTO, CALIFORNIA 95833  
(916) 431-3543

January 21, 1985

Dear Colleague:

Soon I will be introducing legislation to reform the quality control system used in the Aid to Families with Dependent Children (AFDC) program. I invite you to become an original cosponsor of this measure.

Over the years, the federal government has devised quality control guidelines to ensure that states reduce AFDC program errors and pay the right amount of benefits to eligible recipients. Our efforts have paid off. From FY 1973 through the first half of FY 1982, nationally states have nearly halved the average error rate from 16.5% to 7.3%. Also, many states have error rates well below the national average.

Notwithstanding the tremendous progress that has been made to reduce errors, many states are threatened by sizeable fiscal penalties for exceeding federally set error tolerance levels. I am concerned that the magnitude of these penalties, over \$1.3 billion for fiscal years 1981 through 1989, may jeopardize the steady performance of error reduction that states have turned in over the past decade. In many cases, states which have lower than average error rates will be penalized. Moreover, states may be forced to absorb such cutbacks through reducing administrative costs resulting in even higher rates of error or passing it on to AFDC recipients through reduced or restricted benefits.

As I have stated above, the purpose of the quality control program is to help states improve AFDC administration and reduce AFDC errors. Its purpose is not, or should not be, to force states to cut AFDC benefits or develop more restrictive eligibility requirements. Its purpose is not to shift AFDC costs from the federal to state budgets. Its purpose is certainly not to force states to cutback on AFDC administrative staff or otherwise reduce administrative resources which will undoubtedly result in an increase in AFDC errors in the future. This is counterproductive and the reverse of what the quality control system seeks to achieve.

Without question, states must adhere to some form of quality control standards. To be effective, such a system must be timely, applied fairly and be cost-effective. Our present system does not accomplish these goals.

For example, under the current system, states do not receive information on errors they commit in time to be of great use to them in making corrections or recoveries. States have only received information from HES relating to their FY 1981 error rate.

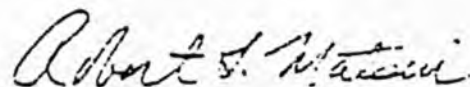
The current system also appears to overstate the actual AFDC error rate. Questionable statistical procedures are used to develop the error rates, and states are penalized for client errors over which they have limited control or for paperwork errors which do not involve misspent AFDC funds.

In addition, the present system fails to take into account economic conditions, as well as significant geographic and program differences among the states. These factors often contribute to errors in ways largely beyond the control of states. An unpublished HES study shows that such outside factors as greater population density, higher crime rates, size of the local population and size of the welfare agencies' caseloads contribute significantly to higher error rates. Despite these findings, HES makes no effort to consider these factors when determining a state's error liability.

In other words, the current quality control system will take federal AFDC funds away from states because of an increase in errors largely caused by conditions beyond the control of the states. Furthermore, this reduction in federal funds will come at a time of rising poverty and just when many of these states are beginning to recover from the recession.

My legislation attempts to address these problem areas while retaining the quality control system and mandating a basic error tolerance of 4 percent. The attached fact sheet further describes the provisions of the proposal. Should you desire to cosponsor this measure or seek further information, please contact Elizabeth Vandivier or Cynthia Kettemann of my staff at x5-7163.

Very truly yours,



ROBERT T. MATSUI, M.C.

January 15, 1985

AFDC ERROR REDUCTION  
AND QUALITY CONTROL IMPROVEMENT ACT

The AFDC Error Reduction and Quality Control Improvement Act is designed to achieve four objectives:

- o To ensure that error rate sanctions are fair and do not result in AFDC benefit cuts or further reductions in administrative funds.
- o To hold States accountable for making accurate AFDC payments and impose fiscal sanctions for excessive errors.
- o To require that States identify and attempt to correct all errors made in administering the AFDC program but base fiscal penalties only on errors which result in misspent AFDC funds.
- o To establish a fair, equitable and timely AFDC quality control system by acknowledging that a State's error rate should be adjusted when socio-economic, geographic and program factors influence the error rate.

Summary of Provisions

1. Establish minimum quality control policies and procedures in law.
  - A. States would be required to determine the AFDC error rate for each fiscal year. States would collect a statistically reliable sample of cases for a quality control review following a timetable established in regulations. States could, at their option, collect either 2 six-month samples or an annual sample of their AFDC caseload to develop the error rate but would be prohibited from reducing their sample size.
  - B. The Federal re-review, analysis, and notice to the States of the official error rate would have to occur within six months after the close of the fiscal year for which the data are collected or six months from the date a completed State sample is submitted to the Federal regional office, whichever is later. The State's official error rate for fiscal sanction purposes would be the adjusted State error rate discussed below.
  - C. After completing the State data collection process: (1) States would develop and submit to the HHS Secretary a corrective action plan for reducing the identified errors (including those not subject to fiscal penalties as discussed below); (2) the HHS secretary would review and

approve the plan; and (3) implementation of the corrective actions would begin. The HHS Secretary would be required to establish a timetable for these activities in regulations and monitor the corrective action process. States with error rates that are consistently at or below the standard tolerance level, prior to adjustment, would not be required to submit a corrective action plan for the Secretary's approval.

2. Set a new national standard for the AFDC error rate.
  - A. The standard tolerance level for overpayment errors would be permanently set at 4 percent. Under current law, States must reach a 4 percent standard tolerance level by FY 83; this declines to 3 percent for FY 84 and thereafter.
  
3. Determine the adjusted State error rate.
  - A. The procedures described above would be used to obtain the raw error rate data. Subsequently, two adjustments would be made to produce the adjusted State error rate:
    - First, the point estimate of a State's error rate would be the lower bound of the range within which a State's true error rate falls. This statistical adjustment is necessary because the sampling procedure used in the quality control system cannot precisely estimate the actual error rate. Instead, the system identifies a range within which the actual error rate is located. Under current rules, the midpoint of the range is used even though the true rate may be lower than the midpoint.
    - Next, technical errors would be excluded for fiscal sanctions purposes. These are paperwork omissions which, if corrected, would not change the AFDC payment level. They include: failure to provide evidence in the file of social security numbers, assignment of rights to support, cooperation in obtaining support, WIN registration, and other errors which have no fiscal impact.
  
4. Recognize that certain factors beyond a State's control influence the error rate by adjusting the standard tolerance level annually for each State. The standard tolerance level would be adjusted as follows:
  - A. Add 0.5 percent to the standard level if the State has operated an AFDC unemployed parent program during the fiscal year.

- B. Add 0.1 percent to the standard level, up to a maximum of 0.5 percent, for each 20 percent increment by which the State exceeds the national average in terms of percent of total State AFDC caseload with earnings.
  - C. Add 0.1 percent to the standard level, up to a maximum of 0.5 percent, for each 20 percent increment by which the State exceeds the national average in terms of population density (population per square mile of land area).
  - D. The steps described in item 3 produce the adjusted State error rate. The steps described in item 4 produce the adjusted State tolerance level.
5. Impose fiscal sanctions on the basis of the adjusted State error rate and the adjusted State tolerance level.
- A. A State's fiscal sanction would be equal to the Federal portion of benefits paid above the adjusted State tolerance level using the adjusted State error rate.
  - B. A sanction amount would be reduced by the Federal share of overpayments collected by the State in the fiscal year to which the error rate applies.
  - C. The current authority for the HHS Secretary to waive sanctions to acknowledge certain circumstances would be retained and modified as follows:
    - (1) States could request a waiver based on the State's good faith effort to reduce errors. In making the waiver request, States would also be permitted to challenge the Federal error rate findings. The HHS Secretary would review and act on the request according to a timetable specified in regulations.
    - (2) The regulations would also specify the criteria that would be used in assessing waiver requests and the relative importance of each factor so that States may informally assess whether a waiver request is appropriate. In reviewing the waiver request, the HHS Secretary would be required to consider the following:
      - (a) Factors beyond the State's control -- such as disasters (fire, flood or civil disorders); strikes by State or other staff needed to determine eligibility or process changes in cases; sudden workload changes resulting from changes in Federal or State law and regulations or rapid caseload growth; and State actions which were the result of incorrect policy interpretations by a Federal official.

(b) Factor's related to agency commitment -- such as demonstrated commitment by top management to the error reduction program; sufficiency and quality of operational systems which are designed to reduce errors; use of effective systems and procedures for the statistical and program analysis of quality control and related data; and effective management and execution of the corrective action process.

(c) Other Factors as Appropriate -- these may be identified by the Secretary in regulations or may be detailed by States in their waiver requests but would include past State error rate performance as well as the cost effectiveness of error reduction efforts.

(3) States would be permitted to appeal the Secretary's decision on the waiver request described above to the HHS Grant Appeals Board and could also appeal to the courts.

D. In lieu of the waiver authority identified above, the Secretary would be required to permanently waive a sanction if the State submits a plan for the reduction of errors which includes the expenditure of additional State administrative funds equal to one-half of the sanction amount. These expenditures would be a Federally-matched administrative expense.

6. Reward States with low error rates.

A. A State would receive an incentive payment when its adjusted State error rate is below the standard tolerance level (prior to any adjustments) of 4 percent. The amount of the incentive payment would be equal to one-half of what the Federal government saves on AFDC payments because the State error rate is less than 4 percent.

7. Conduct selected studies related to error reduction and quality control.

A. The HHS Secretary would be directed to complete a study within one year of enactment which includes: a detailed analysis of the nature of client errors and the degree to which client errors can be controlled by States; standards by which to judge whether a client error could have been controlled; and an assessment of the cost-effectiveness of this type of error reduction.

B. The HHS Secretary would also be directed to study and suggest measures of AFDC performance which are broader than the current quality control system (which measures

only payment accuracy) and more accurately reflect the full range of responsibilities a State has in administering the AFDC program. The underpayment error rate would be one such measure. This study would also examine the cost effectiveness of error reduction and of a broader performance measurement system.

8. Effective date.

- A. For FY 81 and 82, States would have the option of applying current law (the Michel amendment) or the new quality control system and standards.
- B. For FY 83 and thereafter, the new quality control system and standards would apply.

\* \* \* \*

This legislation also includes a quality control provision affecting the Supplemental Security Income (SSI) program. The provision would require the Federal government to continue reimbursing States for the errors it makes in administering the State Supplemental Program (SSP) in SSI. The present agreement between the Federal government and the States promulgated in regulations on March 7, 1979 would be retained.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

MAR 1 '85

~~FEB 1 '85~~

October 10, 1984

The Honorable Harold Ford  
Chairman  
Subcommittee on Public Assistance  
and Unemployment Compensation  
Committee on Ways and Means  
U.S. House of Representatives  
1102 Longworth House Office Bldg.  
Washington, D.C. 20515

Dear Representative Ford:

I am writing to express Alaska's support for H.R. 6295, which was introduced by Representative Matsui on September 24, 1984. The bill would make multiple improvements in the present Aid to Families with Dependent Children (AFDC) quality control standards and procedures, and would correct many of the features that Alaska finds objectionable in the current and proposed AFDC quality control regulations.

We fully support requiring a state's error rate to be calculated at the lower bound of the standard interval, disregarding technical errors in the error rate calculations, and reducing fiscal sanctions by the amount of overpayment recoupments.

We do not agree with Section 403(i)(6)(B)(iii) which includes "underpayments to eligible families receiving assistance" in the definition of "erroneous payments." It is Alaska's experience that the majority of underpayments are caused by a recipient household's failure to report changes in its circumstances, even when it is to the household's advantage to do so. We do not believe states should be held financially liable for benefits that were not issued, and thus do not represent program loss, waste, or abuse.

October 10, 1984

We also believe that special treatment should be given to calculations of error rates for households living in isolated, rural regions that are not accessible by regularly scheduled commercial air service, automobile, train, or other surface transportations.

It is proposed, therefore, to add paragraph (iv) to Section 403 (i)(2)(B) as follows:

"(iv) 0.1 percentage points for each full 20 percent increment (up to a maximum of five such increments) by which the majority of recipient households in administrative regions of the state are not reachable by regularly scheduled commercial air service, automobile, train, or other surface transportation".

We believe that this proposal is in keeping with the consideration given to high density populations as proposed in the legislation. Our proposal is strengthened by the additional fact that most recipients served in the isolated rural areas of Alaska are Native Alaskans, with a subsistence life style and culture.

It is refreshing to see proposed legislation which would grant states some relief from the ever more punitive actions and requirements being promulgated by federal agencies.

Sincerely,

Bill Sheffield  
Governor

BILL SHEFFIELD, GOVERNOR

**DEPT. OF HEALTH AND SOCIAL SERVICES**

**OFFICE OF THE COMMISSIONER**

POUCH H 01  
JUNEAU, ALASKA 99811

PHONE: 465-3030

Document No. 85-52

February 28, 1985

The Honorable Max Gruenberg  
Co-Chairman  
House Health, Education and  
Social Services Committee  
Pouch V  
Juneau, AK 99811

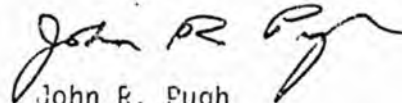
Dear Representative Gruenberg:

Enclosed is a summary of the status of potential fiscal sanctions based on quality control payment error rates for the Aid to Families With Dependent Children, Food Stamps, and Medicaid programs. You had requested this information during the overview for the Department of Health and Social Services.

Please feel free to contact me (465-3030) or Bob Clem, Quality Control/Corrective Action Coordinator (465-4952) for further information or explanation.

Thank you for your interest.

Sincerely,



John R. Pugh  
Commissioner

Enclosure

Summary of Proposed  
or Potential Fiscal Sanctions  
for Excessive Quality Control  
Payment Error Rates for the  
AFDC, Food Stamp and Medicaid Programs

<u>Program</u>	<u>Period Covered</u>	<u>Proposed or Potential</u>	<u>Amount</u>
Food Stamp	April-Sept. 1981	Proposed	\$2,148,102
AFDC	Oct. 1982-Sept. 1983	Potential	1,024,280
AFDC	Oct. 1983-Sept. 1984	Potential	653,677
Medicaid	April-Sept. 1981	Proposed	1,954,936
Medicaid	April-Sept. 1983	Proposed	527,512
Total Fiscal Sanctions Proposed/Potential			\$6,308,507

A discussion of each of the above proposed or potential sanctions follows:

Food Stamp Program

A sanction in the amount of \$2,148,102 was imposed by the Food and Nutrition Service (FNS), U.S. Department of Agriculture, for excessive Quality Control (QC) payment error rates for the period April - September 1981.

The State appealed this sanction and the appeal was denied. The State then requested an Administrative Hearing of the proposed sanction and the decision of that hearing was also against the State.

In May 1984, a suit was filed in U.S. District Court of Alaska by the State seeking relief from this fiscal sanction. The attorneys for the State have just completed discovery phase of the suit and will soon be filing a request for summary judgement with the court.

Though earlier fiscal sanctions were proposed by FNS, they have all been waived or dismissed and no other Food Stamp fiscal sanctions are pending.

It is very probable, however, that the State will face a potential fiscal sanction for the current federal fiscal year (October 1984 - September 1985) since the federal target error has now been decreased to 5% from 10.48% for the previous year. Currently the State's Food Stamp Program error rate is nearer 10% than 5% and it is not anticipated to decrease substantially.

AFDC Program

It was not until federal FY1983 and 1984 that the Department exceeded the target error rate of 4% and 3% respectively as mandated by Congress in the Omnibus Budget Reconciliation Act of 1981 and the Tax Equity and Fiscal Responsibility Act of 1982.

For federal FY1983, the actual error rate as calculated by the State (without federal adjustment) was 12.313%. This exceeded the target error rate of 4% by 8.313% and thus exposed the State to a potential

fiscal sanction of approximately \$1,024,280.

For federal FY1984, the actual error rate calculated by the State (without federal adjustment) was 6.793%. This exceeded the target error rate of 3% by 3.797% and again exposes the State to a potential fiscal sanction of approximately \$653,677.

Though we have not yet received formal notice of proposed fiscal sanctions for the above error rates from the federal agency, they are anticipated shortly, and will be appealed on the basis of good faith effort. If that is not favorably considered, judicial relief may be pursued.

It is also probable that the State will be sanctioned for federal FY1985 since the current AFDC error rate is approximately 7% and is not expected to decrease substantially.

#### Medicaid

The Department was notified by letter dated June 27, 1983 that the State was liable for a fiscal sanction of \$1,954,936 for excessive quality control payment error rates for the period October 1980 - September 1981.

The Department submitted a request for waiver of the fiscal sanction on August 24, 1983 as provided for in federal regulations. Basis for requesting the waiver was "good faith effort" on the part of the State in reducing Medicaid payment error rates.

Other than acknowledging receipt of our appeal, no further word has been received regarding the fiscal sanctions and we are advised that it is still under consideration.

The Department's Medicaid error rate was within the 3% target error rate until the period April - September 1983 when the State's actual error rate was calculated to be 6.798%. (A single nursing home ineligible case was responsible for approximately one - half or 3.35 percentage points of the error rate.) Based on the excessive error rate of 3.7981% the federal agency has, in a letter dated January 24, 1985, proposed a fiscal sanction in the amount of \$527,512.

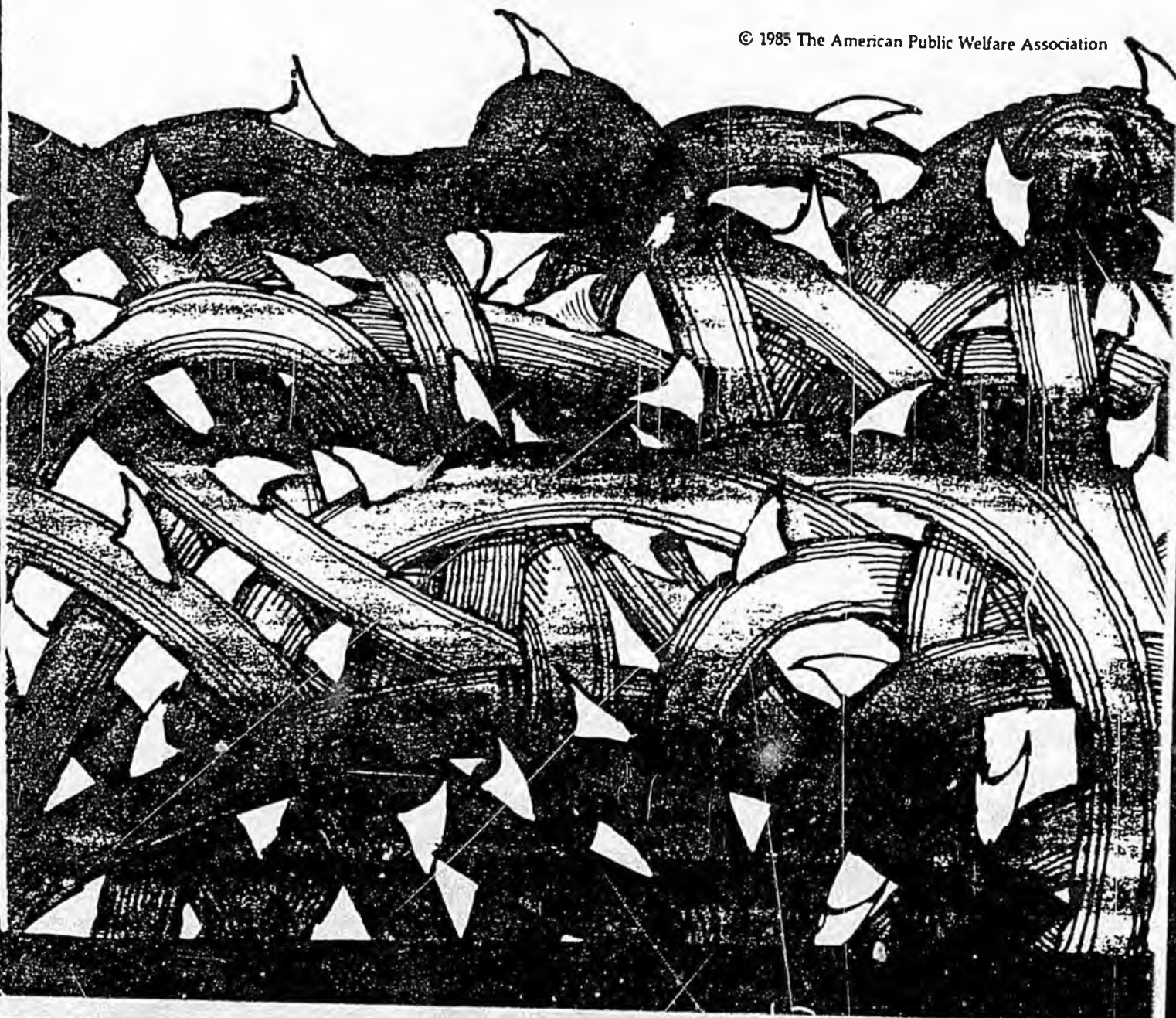
The State has 65 days from the date of the January 24 letter to file an appeal for good faith waiver of that sanction.

# *The Welfare System: A Briar Patch for Anna Burns*

IT ISN'T EXACTLY A BED OF ROSES  
FOR THE WORKERS, EITHER.

BY TOM JOE AND LORNA POTTER

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**A**nna Burns is a working mother in Georgia. Over the past few years she has been on and off welfare several times. What happened to Anna Burns illustrates the enormous complexity of our welfare system—not only for clients, but for caseworkers as well. The welfare system has been very complicated for years; the situation was only exacerbated by the federal policy changes and budget cuts enacted in 1981.

In order to measure the effects of the cuts, the Center for the Study of Social Policy in 1982 began a study of what was happening to clients and, in particular, what was happening to Anna Burns. Certainly some of the effects were unintended by those making the changes in Washington.

The study took us to ten state welfare offices to review implementation patterns and caseload impact. It took us into the homes of 266 working mothers in Georgia whose welfare grants had been terminated by the federal policy changes enacted in 1981. It also took us into twenty-three county welfare offices to review the case files of 207 families over a three-year period.

Examining these case files—often six inches thick with forms, correspondence, affidavits, and worksheets—provided a rare opportunity to observe firsthand the process by which the new welfare policies, as well as already existing rules, actually were implemented. We discovered several instances where the new law affected a family's grant in a way we had not anticipated. Although we were familiar with the new provisions of the federal law, we were surprised on several occasions to learn of a particular provision's impact when it was applied to a real family.

Thus, we decided to examine in detail one family's grant over a three-year period. By documenting the family's grant changes, we could clearly show how the new rules—no longer theoretical propositions—were translated into dollar losses or gains for a typical family. We also found it useful to document the sheer complexity of the welfare system even before the 1981 policy changes were made. We learned that the administrative burdens on caseworkers and clients are enormous and that the time required to make routine grant changes is considerable.

This analysis of one family's ride through the welfare system between 1980 and 1983 looks closely at actual program decisions from the perspective of worker-client interaction. The study incorporates what political scientist Richard Elmore has called "backward mapping" by beginning not at the top of the implementation process (the federal level) but at the client level. It is not enough to scrutinize federal rules and regulations. If we are to reveal their true effects, we must look beyond these words to see how the rules actually are carried out.

Documentation of how the 1981 welfare policy changes were applied to one family is used here to illustrate the consequences of policymakers' and policy analysts' failure to adequately consider the operational aspects of prospective policies. Aid to families with

dependent children (AFDC), the main welfare program, always has been a complex program, spanning three layers of government—federal, state, local—and providing assistance for nonworking as well as working-poor families who meet its eligibility requirements. In essence, it must act as a "safety-net" for the truly needy as well as a helping hand for those on their way out of poverty.

In 1981, the Reagan administration proposed and Congress enacted a set of policy changes in AFDC designed to pare down the welfare rolls and save money. The Reagan administration argued that the 1981 welfare changes would make the system more "efficient." Yet, as the following pages demonstrate, the changes neither simplified procedures nor reduced paperwork burdens. Regardless of the reasons behind the changes, the effects were to further complicate the program's administration, making life even more difficult for caseworkers and clients alike. And new changes enacted by Congress in 1984—although intended to reinstate some benefits previously lost—promise to add an even greater administrative burden to the system.

## **Anna Burns' story portrays the wide gulf between ideological debates on "welfare reform" and their effect on individual clients.**

Here you will learn about a typical family from the study sample of 207 Georgia families whose welfare grants were terminated when the federal cuts were enacted. Although real names are not used, all figures and events were taken directly from a particular family's AFDC and food stamp records in a county welfare office. The facts—what happened, when, why, and with what effects—follow. Although this case study has important implications for welfare policy reforms, that task is far beyond the limited scope of this paper. Our goal is simply to present a clearer picture of the complexity of the current welfare system.

### **What Happened To Anna Burns**

September 1980: Anna Burns is twenty-eight years old and the mother of three children. Married at age fifteen and divorced at twenty, she and her three daughters now live in a two-bedroom trailer in a small town in Georgia. Burns' eldest daughter is entering the sixth grade, and the younger twins are beginning fifth grade. Burns supports her family through a combination of wages, occasional support from her ex-husband, and public assistance. She keeps her family's expenses down by growing vegetables in a garden beside the trailer and making many of her own clothes. Nevertheless, she occasionally runs out of money before the end of the month and must borrow from her mother.

At this time in 1980, Burns is unemployed but actively seeking a job. She has only a tenth-grade education because, as she explains, she became pregnant and had to leave school at an early age. Anna Burns and her three children receive \$193 monthly in AFDC, \$201 in food stamps, and health insurance through the Medicaid program. She must check in with her caseworker at the county welfare office every six months, unless she begins working, in which case she must notify her caseworker within ten days.

**Monthly family income from AFDC and food stamps: \$394.00**

**November 1980:** Burns is offered a job as a nurse's assistant in a nursing home not far from where she lives. She accepts the position, begins working, and, as required, reports this change to her caseworker. The caseworker requests documentation of her earnings, taxes, travel, and child-care costs, and the cost of the uniform she must wear at work. Burns files three written statements: one indicating how many miles she drives to and from work, another declaring her meal expenses while at work, and a third from the neighbor who looks after her children declaring how much the neighbor receives for caring for the three girls. Burns sends these documents to her caseworker for a redetermination of her eligibility for AFDC and food stamps.

In addition to the above information required by AFDC, the food stamp program requires documentation of rent, telephone, and utility expenses. Altogether, Burns must provide eight documents to her caseworker this month.

The caseworker receives Burns' information and calculates that Burns' monthly earnings total \$546. The caseworker then must determine whether Burns is eligible for a grant at her earnings level and, if so, how much her monthly grant will be. To determine eligibility, the caseworker compares Anna Burns' income to the state "need standard." To determine her payment amount, the caseworker compares Burns' income with the "payment standard." Each state determines its own "need standard," which is considered to be the minimum income a family of a given size needs to meet basic monthly living expenses. The "need standard" and "payment standard" should not be confused. The need standard determines eligibility; the payment standard determines the amount of benefits and in many states is well below the need standard. The payment standard is the grant to a family with no countable income. In Georgia, the payment standard is half of the need standard. In other words, the state says a family of four requires \$432 monthly to cover minimum needs, but it provides a family (with no income) only \$216 in AFDC. A family with some income receives the difference between the payment standard and its countable income—unless its countable income is greater than the payment standard, in which case the family cannot receive AFDC.

In determining eligibility for Anna Burns' family, the caseworker uses the following formula:

- Work expenses of \$50 and child-care expenses of \$87 (total \$137) are subtracted from Burns' gross wages:  $\$546 - \$137 = \$409$ .
- The \$409 then is compared to the need standard for a family of four, which was \$227 in November 1980. Because the \$409 exceeds the need standard, Burns is *not* eligible for AFDC.

Because Burns' family is not eligible for a grant, the caseworker, of course, does not have to calculate how much her grant would be.

The caseworker sends Burns a notice that she will no longer receive AFDC as of December 1, 1980, because her new earnings place her above the eligibility ceiling. Her eligibility for Medicaid, however, will continue for four months, as mandated by federal law.

Because Burns now is working, her caseworker must reassess her food stamp allotment as well. Many counties have separate AFDC and food stamp units, assigning a single family two caseworkers. Burns, however, lives in a small county that does not have separate program staffs; and the same caseworker monitors both AFDC and food stamps for her. Applying the food stamp program formula to Burns' new income, the caseworker calculates that she is eligible for a reduced allotment of food stamps: \$127, compared to \$201 the previous month. This new allotment is based on the following formula:

- Earned income of \$546, less a 20 percent work disregard (or \$109);
- Less a standard earnings deduction of \$75;
- Less child-care costs of \$87; and
- Less a shelter deduction of \$3 (\$3 is the maximum Burns is entitled to, regardless of her actual shelter expenses, due to a \$90 ceiling on combined dependent care and shelter deductions).

The result is then multiplied by .3 and subtracted from the thrifty food plan (\$209 for a four-person family in 1980).

$$\$209 - [(\$546 - \$109 - \$75 - \$87 - \$3) \cdot 3] = \$127$$

Thus, Burns now will receive \$127 in food stamps. The caseworker must send Burns a second notice indicating this change in her food stamp allotment. Unlike the AFDC program, where the state sets its own eligibility and payment standards within broad federal guidelines, the food stamp program is entirely federal.

**Monthly family income of gross wages and food stamps: \$673.00**

**December 1980:** The federal government mandates several changes in the food stamp program, which take effect January 1, 1981: the standard deduction is increased from \$75 to \$85, the ceiling on the shelter and dependent-care deduction is increased from \$90 to \$115, and the federal coupon allotment ceilings are increased from \$209 to \$233. This means that every food stamp case must be reviewed as outlined above and a notice

sent to each client. In Burns' case, her food stamp allotment increases from \$127 in December to \$162 in January.

**Monthly family income of wages and food stamps: \$708**

**February 1981:** Although her case record does not reveal why, Burns must reduce her hours at work. She immediately contacts her caseworker to report the change in her earnings and expenses. Burns must mail in her pay stubs. The caseworker calculates her earnings to be \$350, her work expenses to be \$88, and her child-care expenses to be \$38. She then proceeds to determine whether Burns is eligible for AFDC and, if so, how much her payment will be.

The caseworker finds that Burns is eligible for aid because her gross income minus work and child-care expenses ( $\$350 - \$88 - \$38 = \$224$ ) is less than the need standard of \$227. In order to determine the amount of her payment, the caseworker applies a new formula:

- First, the caseworker subtracts \$30 from the total earnings ( $\$350 - \$30 = \$320$ ).
- Second, the remaining income is reduced by one-third, leaving \$213. The effect of this "\$30 and one-third earnings disregard," mandated by federal law, is to reduce the amount of earned income that the welfare agency considers when calculating the family's AFDC grant. The intent is to provide welfare recipients an incentive to work.
- Third, the caseworker subtracts \$88 to account for income taxes, uniforms, travel expenses, meal expenses, and other customary work expenses. (If Burns could not document these expenses, she would be given a standard deduction of \$50.)
- The caseworker next subtracts Burns' child-care expenses, which total \$38 monthly.

$$(\$350 - \$30) - \frac{1}{3} (\$350 - \$30) - \$88 - \$38 = \$87$$

The remaining income, \$87, is considered to be Burns' "countable income" and is subtracted from the payment standard - \$193 for a family of four - to reach the AFDC grant amount.

$$\$193 - \$87 = \$106$$

Because of the significant decrease in her earnings, Burns is again eligible for AFDC, effective the following month. The caseworker sends a notice indicating that Burns will begin receiving an AFDC grant of \$106 in March.

The caseworker also must redetermine Burns' eligibility for food stamps, due to the change in Burns' earnings, expenses, and AFDC status. Accounting for these changes, the caseworker determines that Burns' food stamp allotment should increase from \$162 to \$171 in March.

**Monthly family income of gross wages, AFDC, and food stamps: \$627**

**June 1981:** The state of Georgia increases its AFDC payment standard. Consequently, all AFDC cases must be reviewed and all grants increased according to the new schedule. The caseworker calculates that Burns' grant should increase from \$106 to \$140 effective in July. This in turn requires an adjustment of Burns' food stamp allotment. Accounting for the increase in her AFDC grant, Burns' food stamp allotment decreases from \$171 to \$160.

**Monthly family income: \$650**

**August 1981:** The U.S. Congress passes the Omnibus Budget Reconciliation Act (OBRA), mandating a number of significant AFDC and food stamp policy changes. Because the changes are both numerous and complex, caseworkers in each county are summoned for special training sessions. These federal policy changes require that the caseworkers review each case assigned to them, make the necessary changes, and notify their clients of these changes. The effective date of the policy changes is October 1, 1981. Because of the complexity of the OBRA policy changes and because some provisions conflict with state AFDC laws, many states are unable to implement all the AFDC policy changes in October. Georgia, however, manages to do so.

**September 1981:** Burns' caseworker reviews each of the 85 AFDC and 200 food stamp cases assigned to her and adjusts their grants based on the new policies. During this time Burns receives a pay increase, and she is able to increase her hours at the nursing home. She reports these changes to her caseworker by sending in her most recent pay stubs. The caseworker calculates that Burns' monthly earnings have increased from \$350 to \$438. Many of the steps in calculating Burns' grant have changed as a result of OBRA.

- First, the caseworker now must determine whether a family's total income, before deductions, is within a new set of limits created by federal law.

This new federal rule, called the "150 percent cap," requires that a family's gross income - before taxes, child care, and any other deductions are taken - must be no greater than 150 percent of the state's need standard in order to be eligible. If a family's total income is greater than 150 percent of the state's need standard, the family is automatically ineligible for AFDC - and in many states, Medicaid - regardless of the family's work or living expenses.

While this new step in the eligibility determination process served to close approximately 500 cases in October 1981 in Georgia, Burns' income is within the new limits, so she remains eligible. The limit in Georgia for a family of four after the state raised its eligibility ceiling is \$648, and Burns' total income is only \$438. So the calculations proceed:

- The caseworker next subtracts from Burns' earnings the new standard work-expense deduction of \$75 and her child-care expenses of \$36.

- Finally the caseworker applies the \$30 and one-third earnings deduction to the remaining income. Prior to OBRA this deduction had been applied to the total earnings; now it is applied to earnings less work expenses. The result is a smaller grant for all working AFDC recipients under the new policy. The caseworker calculates Burns' countable income to be \$198.

$$\$438 - \$75 - \$36 - \$30 - [1/3 (\$438 - \$75 - \$36 - \$30)] = \$198$$

This countable income is compared to the state "payment standard" of \$216; Burns qualified for an \$18 payment. Thus Burns' grant is reduced from \$140 to \$18 effective October 1, and the caseworker sends out a notice indicating the reason for the change and the new grant amount. As a result of the change in Burns' AFDC grant and her increased wages, her caseworker must also recalculate her food stamp benefits. Because of the reduced AFDC grant, Burns' food stamp allotment increases from \$160 to \$183 effective October 1. Burns receives a second notice from her caseworker showing the new food stamp allotment.

**Monthly family income from wages, AFDC, and food stamps: \$639**

November 1981: Caseworkers are instructed that OBRA mandated a change in the earned income deduction in the food stamp program: it is to be reduced from 20 percent of earned income to 18 percent. The caseworker must recalculate the food stamp budget for each case in which the household has earned income. The effect on Burns' food stamp allotment is small, as in most cases: a reduction from \$183 to \$180 worth of coupons.

**Monthly family income: \$636**

January 1982: OBRA mandated that the "\$30 and one-third earnings disregard" be limited to four months in any twelve-month period. Consequently, Burns' caseworker determines that Burns will no longer be entitled to this earnings disregard as of February. Because this new policy took effect in October, Burns was entitled to the disregard for the four months beginning in October. The caseworker recalculates Burns' February grant as follows:

$$\begin{array}{r} \$ 438 \text{ earnings} \\ - \quad 75 \text{ standard deduction} \\ \hline \$ 363 \\ - \quad 36 \text{ child-care expenses} \\ \hline \$ 327 \end{array}$$

Expiration of the \$30 and one-third disregard increases Burns' "countable income" from \$198 to \$327, well above the payment standard of \$216, thereby makes her ineligible for AFDC and Medicaid.

The caseworker sends Burns a letter indicating that her AFDC grant will terminate effective February 1 due to the new federal policy limiting the \$30 and one-third earnings disregard to four months. Burns also will lose

her Medicaid coverage as a direct result of becoming ineligible for AFDC.

Because Burns' AFDC case must be closed, her food stamp case must be reevaluated and the AFDC benefits removed from the food stamp budget. In January 1982, as the caseworker is calculating a new food stamp allotment, Burns sends her caseworker her most recent series of pay stubs indicating a small increase in her wages. The caseworker determines that Burns' earnings have increased from \$438 to \$454. This increase in earnings, despite the loss of AFDC benefits, results in a decrease in food stamp benefits from \$180 to \$167.

**Monthly family income of earnings plus food stamps: \$621**

February 1982: Because Burns fails to document her rent, utilities, and child-care expenses, the caseworker may not give Burns credit for having any such expense in calculating the family's food stamp allotment. The end result is a reduced food stamp allotment. As Burns' caseworker is calculating the reduction, Burns once

## **The number of times Anna Burns must see her caseworker and have her AFDC or Medicaid grant opened, closed, or adjusted will only increase under the new 1984 law.**

again notifies her that her earnings have increased to \$511. As a result of Burns' increased earnings and her failure to document her household expenses, the family's food stamp allotment decreases from \$167 to \$133 in March.

**Monthly family income: \$644**

June 1982: Burns' eldest daughter gives birth. Because the new mother is under sixteen years old, Burns applies for an AFDC grant on behalf of her granddaughter. The Burns family receives no support from the father of the new baby; and the baby's mother, who just completed the seventh grade, is unable to support the child. Thus, the child is eligible for an AFDC grant amounting to \$107, payable to Burns. Only the child is eligible for AFDC and Medicaid. Burns' earnings are not considered in calculating her grandchild's grant, as she is not considered financially responsible for this child under the AFDC program.

During this same month, Burns' earnings decrease from \$511 to \$470. The caseworker recalculates Burns' food stamp allotment on the basis of her new level of earnings and the additional household member; however, the AFDC grant is not calculated into the

budget until the following month. The result is an increase in the family's food stamp allotment from \$133 to \$188 in July.

**Monthly family income: \$765 for a family of five**

**August 1982:** The food stamp allotment decreases to \$155, accounting for the additional AFDC income of \$107. Each change requires written notification from the caseworker to Burns.

**Monthly family income: \$732**

**September 1982:** Federal law mandates an increase in the food stamp allotment ceilings and the telephone and utilities deductions. Burns' caseworker must review each of the 200 food stamp cases assigned to her and recalculate their food stamp allotments using the new dollar figures mandated by the federal government. Burns' allotment increases from \$155 to \$177, effective October.

Also effective October 1982, Georgia implements a final OBRA policy change in the AFDC program. Were Burns still eligible for an AFDC grant for herself and her daughters, she would now be required to report her wages and income each and every month. Failure to comply with this new requirement results in the termination of benefits.

The monthly reporting requirement consumes an enormous amount of time for caseworkers. The client must fill out and mail in a form reporting all earnings. The form must be postmarked between the first and fifth days of the month. If it is mailed before the first day of the month, it cannot be accepted and the caseworker must mail it back to the client and have her resubmit it. If it is not received by the sixth day of the month, the caseworker must mail the client a reminder to send it in. If it is not received by the fifteenth of the month, benefits are terminated. In the relatively small office where Anna Burns' case is staffed, one social worker spends two weeks every month doing nothing but making sure all the monthly reports are received according to the requirement of the law. Each caseworker then must review the forms on her caseload and make any necessary adjustments.

**Monthly family income: \$754**

**December 1982:** Burns' pay stubs indicate yet another small change in her level of earnings, requiring her caseworker to recalculate her family's food stamp allotment and send Burns the appropriate notification. The earnings change is an increase of \$17 monthly, from \$470 to \$487. The corresponding change in the family's food stamp allotment is a \$4 decrease, from \$177 to \$173 in January 1983.

**Monthly family income: \$767**

**March 1983:** Burns sends her caseworker copies of her rent and utility bills which are considerably higher than in previous months, together with pay stubs indicating

a small decrease in earnings. The family now lives on Burns' before-tax earnings of \$474, the granddaughter's AFDC grant of \$107, food stamps amounting to \$192, and a very occasional \$15 child-support payment from Burns' ex-husband.

**Monthly family income: \$773**

### The Burns Family Monthly Budget

Income	Expenses
\$454 earnings (after taxes)	\$65 child care
107 AFDC	55 rent
192 food stamps	106 utilities
<u>\$753</u>	30 telephone
	50 gas for car*
	50 clothing*
	292 food*
	50 car maintenance/repairs*
	35 insurance
	20 medical bills and
	nonprescription medicines*
	<u>\$753</u>

\*These amounts represent approximations.

As of June 1983, Burns pays \$65 for child care, \$55 for rent on a two-bedroom trailer, and \$106 in utilities plus \$30 in telephone bills. Burns estimates that, on average, she pays \$50 per month for gas for her car (there is no public transportation in her town), another \$50 for clothing for her own growing children and grandchild, \$100 for food above her food stamp allotment, and a little under \$50 for car maintenance and repairs. Burns also pays \$35 each month in life, car, and home insurance combined, and an average of \$20 monthly for uncovered doctors' bills and nonprescription medicines. The Burns family income is barely sufficient to meet the family's basic living expenses, despite the very low rent of \$55 monthly. This budget, made up of basic necessities, does not enable Burns to save, nor does it allow recreational activities. Because of her tight budget, Burns was forced to borrow \$400 from her bank last winter when her car needed substantial repairs. The loan still is outstanding. (See box.)

### Update: 1984

Since June 1983, new laws were enacted by Congress that will require additional adjustments to Anna Burns' welfare grant as well as those of other families across the nation. Included in the Omnibus Deficit Reduction Act of 1984, the new AFDC rules took effect October 1, 1984. These latest changes, while positive attempts to reinstate benefits for some working mothers and ease the transition from welfare to work for others, promise to produce additional administrative headaches for Anna Burns and her caseworker. Consider the following examples:

- The eligibility ceiling is changed from 150 per-

- **cost to 125 percent of the state need standard. This will require a new set of computations for all new applicants and recomputations for many working recipients previously terminated.**
- **Whereas OBRA counted an earned-income tax credit (EITC) as income when determining AFDC benefits whether the recipient received the tax credit or not, the new law counts the EITC as income only when it actually is received. This will entail another set of new calculations for all working recipients such as Anna Burns.**
- **The new law allows all working mothers to deduct \$75 as a standard work expense, whereas previous law allowed \$75 only for full-time workers and \$50 for part-time workers. Benefits will have to be adjusted for all part-time workers.**
- **The new law provides for a twelve-month continuation of the \$30 disregard; under OBRA, the disregard expired after four months. This change requires three separate calculations for families such as Anna Burns': (1) using the \$30 plus one-third disregard for months one through four; (2) using only the \$30 disregard for months five through twelve; and (3) using no disregard after twelve months.**

Congress also in 1984 took steps to ease the transition from welfare to work for some of the families terminated under the 1981 rules. Under the work-transition allowance, some families who lost their AFDC grants from 1981 to 1983 because of the expiration of the \$30 and one-third disregard now may become eligible for Medicaid. While the intentions behind this new rule are worthy, several administrative difficulties are likely to occur in carrying it out.

- **The only families eligible for this benefit are ones who were terminated due to the expiration of the \$30 and one-third disregard. Caseworkers therefore had to find the clients' files from as early as January 1982 and determine that the family would have been eligible if the disregard were applied. In many counties, it is difficult to locate records from two years back, let alone expect the records to be detailed enough to yield the necessary information.**
- **The caseworker also had to determine that the family was "continuously eligible for AFDC if the \$30 and one-third disregard were applied." This would require earnings and expense information and documentation for every month since termination. This might be as many as thirty-two months for some families. For each month, caseworkers must perform eligibility standards and disregards in effect at the time. This will either be administratively unmanageable or prove a serious hindrance to the reenrollment of families in Medicaid.**

- **Only families who re-apply within six months from October 1, 1984, will be considered. That puts an information burden on the caseworker who must try to inform potential reapplicants of the new law. Obviously, many families will not hear about it and thus will not be able to benefit from the Medicaid coverage.**

The idea of providing Medicaid coverage for families who leave AFDC is a good one; it eliminates a work disincentive and adds to the financial security of many single-parent families. But the actual implementation of the reconciliation provisions is likely to be far more difficult than the words suggest. The number of times Anna Burns must see her caseworker and have her AFDC or Medicaid grant opened, closed, or adjusted will only increase under the new 1984 law.

Another new provision, which promises to raise benefits slightly for some families while creating more work for staff, allows \$50 of each monthly child-support payment to be disregarded in determining the AFDC grant. Currently, if a mother receives \$80 in child support each month, her AFDC grant is reduced by \$30 because \$50 out of the \$80 would be disregarded. Thus, the new change offers the mother a slightly higher grant, but the caseworker now has to make another calculation in order to disregard the \$50.

In other ways, the new law reduces benefits to AFDC families. For example, the new law reduces grants to families such as Anna Burns' when a grandchild is included in the grant. In June 1982, Burns' newly-born granddaughter was considered a separate "filing unit" and received a full grant of \$107. Under the new rules, grandchildren no longer are considered separate units; rather they are an additional person in a single-filing unit. The Burns' family would not have received any AFDC if the new rule had been in effect when Anna Burns' granddaughter was born.

**T**he three-year history of the Burns family's participation in the AFDC and food stamp programs documents the administrative complexity of these programs. In attempting to make the level of benefits reflect the family's ever-changing circumstances, the programs require extensive and continual documentation of income, expenses, and family composition by the client. This in turn requires close and continual monitoring by the caseworker, together with the considerable amount of paperwork required to adjust grants month by month as the family's circumstances change.

In the thirty-two months from September 1980 to June 1983, Anna Burns' AFDC eligibility and grant amount had to be recalculated fourteen times. Medicaid eligibility changed four times. (See Table 1.)

Each application for AFDC or change in earnings requires that a great deal of time, energy, and money be expended. The initial AFDC application form consists of nearly ten pages of detailed questions. Burns must

go to the welfare office at the time of the application, sixty days later for a review, and every six months thereafter for review as long as she remains on welfare. To make those visits, she must take time off from work, thereby reducing her earnings and risking the displeasure of her superiors. In between these periods, she may report her earnings and expenses by mail.

From the caseworker's point of view, every change in earnings requires forty-five minutes to an hour to fill out the proper form. This form is submitted to a computer operator who spends fifteen to twenty minutes entering the information, which is sent to the state office and returned two days later in printed form. The caseworker then must spend another fifteen to twenty minutes double-checking the form for mistakes. Burns' caseworker had another eighty-four clients requiring the same calculations.

Anna Burns' family is only one family in one county in one state. There are 3.8 million other families receiving AFDC throughout the country, 500,000 of whom are working families like Anna Burns' whose grants are continually being adjusted. The difficulties faced by Anna Burns and her caseworker are typical of many more families who find that their benefits constantly fluctuate

in response to unexplained and often little-understood policy changes.

The 1981 changes complicated an already complex system. Instead of helping to simplify administration, the changes only meant more benefit changes and paperwork for caseworkers and clients. Because of the new "reforms" enacted in 1981, Anna Burns saw her family's AFDC grant decline in October 1981 and then vanish completely in February 1982. These changes in turn required recalculation of her food stamp grants for those months.

Not only did the 1981 changes add administrative complexity to the system, but the federal government imposed penalties on states whose error rates exceeded a specified level. Given the number of calculations that are typically performed, it is amazing that error rates are not higher than they are. But it is a perverse twist for the federal government to simultaneously complicate the eligibility and benefit calculation process and impose sanctions on states that make mistakes in calculating benefits.

What does Anna Burns tell us about the implementation of the 1981 changes in particular and, more generally, about welfare policy? Most important, her story portrays

Table I. Burns' Family Income: September 1980 - April 1983



the wide gulf that exists between ideological debates on "welfare reform" and their effect on individual clients. On a conceptual level, it is difficult to oppose objectives of "targeting," "efficiency," and "accountability." The difficulty arises in translating those objectives into sensible and sensitive actions that can meet agreed-upon objectives without unintended negative consequences. It is the leap from concept to practice that rarely is given adequate forethought and that was ignored when the AFDC changes were legislated in 1981.

Anna Burns' story suggests that we need to balance the costs and benefits of increased targeting. We need to think in terms of dollar costs as well as the more intangible costs of time, energy, and worry. When Anna Burns had a change in earnings—which is frequent for women who are paid by the hour as most working welfare mothers in Georgia are—she often had to take

**These latest changes, while positive attempts to reinstate benefits for some working mothers and ease the transition from welfare to work for others, promise to produce additional administrative headaches for Anna Burns and her caseworker.**

time off from her job to keep an appointment at the welfare office. And she never knew when her AFDC grant, and therefore her Medicaid, might be cut off. The time burdens for the caseworker, who had 85 AFDC cases and 200 food stamp cases to monitor, are considerable.

Documentation of the changes in one family's grant suggests that we may be spending too much time and money keeping benefits in step with marginal changes in recipients' financial circumstances. As can easily be seen from Anna Burns' case, the "normal" level of complexity in the welfare system is staggering. Requiring documentation of Anna Burns' income is perfectly sensible. But requiring her to report her income every month—as done in the 1981 federal changes which took effect in September 1982—simply is unnecessary. In Georgia, it now costs \$31 in administrative costs to process and deliver an average monthly AFDC check of \$176, according to data published by the House Committee on Ways and Means. And this does not count the administrative costs of recalculating and delivering food stamps.

Government policy should be concerned with

targeting benefits on the basis of need. We do not want to squander limited resources on those who do not need assistance. At some point, however, the administrative costs of recalculating benefits outweigh the utility of doing so. There is an obvious trade-off between maximum targeting of benefits and creating a program that is so unmanageable that it is organizationally ineffective as well as insensitive to individual circumstances. The example of Anna Burns suggests that this is a far more serious problem than most reformers have realized.

Regardless of the intent of the 1981 changes, one effect is clear: the policy changes reduced benefits to the poor while vastly increasing the complexity of the system and doing nothing to ease administrative burdens. If anything, the blame for this failure must go to the policymakers who enacted the changes without an adequate understanding of how they would be implemented and to policy analysts who similarly failed to demonstrate an understanding of how the many technical changes would be applied to individual families. Because neither policymakers nor policy analysts attended to the detailed operational aspects of the new changes, neither was able to detect ahead of time the inequitable effects of the changes. In hindsight, we now can see that the 1981 policy changes both reduced benefits and further complicated an already complex system. If administrative issues had been a priority before any changes were implemented, we may have been able to better predict the effects of the new law.

It is no wonder past attempts at welfare reform have failed. When we see how terribly complex it is to deliver AFDC and food stamps to Anna Burns and know that this is mirrored in thousands of counties across fifty states, we readily can understand the difficulty policymakers face when they set out to "reform" the welfare system. If such changes in policy are to make the system more effective and efficient they must be grounded in a detailed understanding of how the system "works" for clients and for caseworkers. The question that must be addressed is: How can large-scale organizations like federal, state, and county welfare offices make changes in an intergovernmental program like AFDC?

The answer to this question is not simple. But an understanding of Anna Burns' situation and others like hers must be incorporated into the policy-making process as baseline knowledge. Only then can incremental or structural changes make the welfare system more responsive instead of more complex. And only then can we expect to strike a proper balance between the demands placed on a large bureaucracy for administrative efficiency and the most personal of goals: meeting the basic income-support needs of low-income families.

PW

*Tom Joe is director, Center for the Study of Welfare Policy, Washington, D.C.*

*Lorna Potter is a research associate, Center for the Study of Welfare Policy, Washington, D.C.*

FY 85 FOOD STAMP FISCAL SANCTIONS

Based on the FY 85 Food Stamp expenditures of \$20, 685,305 the fiscal sanction is equal to the payment error rate in excess of 5 percent times the total expenditures.

<u>Payment Error Rate</u>	<u>Fiscal Sanction</u>
6 %	\$ 206,853
7 %	413,706
8 %	620,559
9 %	827,412
10 %	1,034,265
11 %	1,241,118
12 %	1,447,971
13 %	1,654,824
14 %	1,861,677
15 %	2,068,531

Based upon the State determined P.E.R. of 11.774 percent, the FY 85 fiscal sanction will be \$1,395,017.

# State of Alaska

## COMMITTEES

HOUSE HEALTH, EDUCATION  
AND SOCIAL SERVICES  
(Co-Chairman)  
HOUSE JUDICIARY  
HOUSE COMMUNITY AND  
REGIONAL AFFAIRS



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JUNEAU, ALASKA 99811  
(907) 465-4968

914 CLAY COURT  
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Representative Max F. Gruenberg, Jr.  
District 11  
Spenard, Upper Midtown Anchorage

## MEMORANDUM

DATE: January 24, 1986

TO: Rep. Mike W. Miller, Chairman  
House Rules Committee

FROM: Rep. Max F. Gruenberg, Jr.

SUBJECT: CS HJR 58: Urging the United States Department of Health and Human Services to ease the restrictions on the granting of Medicaid 1915(c) waivers.

CS HJR 59: Urging the United States Congress to pass an amended form of H.R. 1279 (99th Congress), the AFDC Error Reduction and Quality Control Act, or substantially similar legislation.

I would greatly appreciate it if you would schedule CS HJR 58 and CS HJR 59 for the House Floor. This action should not promote controversy, as there is no fiscal note attached and both bills were authored by the full House HESS Committee.

Thank you very much.

FY 85 AFDC FISCAL SANCTIONS

Based upon FY 85 AFDC expenditures of \$43,090,678, the fiscal sanction is equal to one half of the payment error rate in excess of three percent times the total expenditures.

<u>Payment Error Rate</u>	<u>Fiscal Sanction</u>
4 %	\$ 215,453
5 %	430,907
6 %	646,360
7 %	861,814
8 %	1,077,267
9 %	1,299,720
10 %	1,508,174
11 %	1,723,627
12 %	1,939,080
13 %	2,154,535
14 %	2,369,987
15 %	2,585,441

Based upon the state determined P.E.R. of 9.973 percent, the fiscal sanction for FY 85 will be \$1,502,356.



Official Business


# Alaska State Legislature

Pouch V  
State Capitol  
Juneau, Alaska 99811

## MEMORANDUM

DATE: January 28, 1986

TO: Senator Bettye Fahrenkamp, Chairperson  
Senate HESS Committee

FROM: Rep. Max Gruenberg, Jr., Co-Chair  
House HESS Committee 

SUBJECT: CS HJR 59  
Urging the United States Congress to pass an amended form of H. R. 1279 (99th Congress), the AFDC Error Reduction and Quality Control Act, or substantially similar legislation.

This Resolution is substantially the same as the one introduced at the Western Legislative Conference.

In CS HJR 59, the Committee deleted the first two subsections under "further resolved" at the request of John Tabor, Director, Division of Public Assistance, and adopted a different error rate for the food stamp program.

I would greatly appreciate an early scheduling of this resolution in your committee.

Thank you very much.