

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

7848

HOUSE JUDICIARY

113

Results will be:

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

② By having A-D file one month, E-I the next, and K-Z the following month for individuals and offsetting

A.F.D.C. recipients. Similarly over a six month period

wasted items and time would save the state the money.

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

Thank You for Your Time

Mrs. Virginia A. Oeser

Ms. Virginia A. Oeser

TO: HOUSE HEALTH, EDUCATION &  
SOCIAL SERVICES COMMITTEE

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

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

Date: February 22, 1993



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

This urging is based upon the following reasons:

1. Money to fund the demands for this safety net program appears to be available. This classification of expenditure being tax supported, should certainly receive some support from the recently received tax settlements.

2. It would appear the adverse impact of the proposals in HB 67 will fall upon needy children and disabled adults, i.e. as stated in Section 5, the direction to "reduce the maximum ...". From all one can learn about our society (I believe it is undisputed they are a critical segment of, and future for, our communities), children need more financial support not less. It also appears from the bill that children could be the most numerous of our neighbors who might be hurt by less resources. I have heard affected children might number as many as 23,000.

3. Does this Committee really know what this legislation will do to the children and others in our state who are financially most vulnerable? Do comparisons with other lower cost areas provide a realistic analysis of the impacts in Alaska?

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

596-2394

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

Representative Bill Hudson  
Alaska State House  
Room 103, State Capitol  
Juneau, Alaska 99801-1182

RE: Change in State AFDC Regulations

Dear Representative Hudson:

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

Let me show you one month's example.

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

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

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

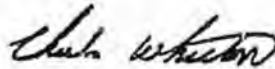
I believe its my responsibility to support my children, and there's nothing I want more than to give them the money they need. I've applied for my PFD every year I was eligible, knowing it would be taken for child support, and I encourage other fathers to

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

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

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

Sincerely,



Charles Wheaton

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



State of Alaska  
**ombudsman**

Duncan C. Fowler

February 9, 1993

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

Dear *Charles* Mr. Wheaton:

RE: Change in State AFDC Regulations

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

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

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

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

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

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

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

Reply to:

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

February 9, 1993

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

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

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

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

Sincerely,



Odette Foster  
Assistant Ombudsman

OF:pjc

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

BISHOP MICHAEL H. KENNY

R. CATHOLIC DIOCESE OF JUNDIA  
CATHOLIC COMMUNITY SERVICE

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

IT WAS A LESSON I TRIED NEVER TO FORGET.

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

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

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

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

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

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

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



**COOPERATIVE  
EXTENSION  
SERVICE**

UNIVERSITY OF ALASKA FAIRBANKS

**COST OF FOOD AT HOME FOR A WEEK**  
December 1992

For further information contact:  
Marguerite Stetson (907) 474-0660

	ANCH- ORAGE 0%	BETHEL 5%	CORDOVA 3%	DELTA 0%	DILL- INGHAM 5%	FAIR- BANKS 0%	GALENA 3%	HOMER 5.5%	JUNEAU 4%	KENAI 5%	KETCHI- KAN. 5%	KODIAK 5%
Community: Sales Tax Tr Surveyor*; Vol**	*	*	**	*	*	*	**	*	*	*	*	*
% Unavailable 12/8/92 unless:	0%	1%	4%	7%	0%	0%	6%	5%	0%	0%	0%	0%
Family of 2 (20-50 years)	59.86	07.79	04.42	69.26	99.03	51.02	54.73	65.93	59.80	64.34	56.92	70.82
Family of 2 (51 & older)	57.57	04.43	01.20	66.61	95.24	49.07	91.11	63.41	57.52	61.00	54.75	68.12
Family of 4 w/preschoolers	06.26	126.51	121.66	99.01	142.71	73.52	136.51	95.01	86.10	92.71	62.03	102.06
" w/ elementary children	101.32	148.60	142.90	117.23	167.62	06.36	160.34	111.60	101.23	108.90	96.35	119.80
% Anchorage Dec 1989	1.10	1.56	1.54	1.36	1.61	1.06		1.19	1.04	1.10	1.01	
% Anchorage Dec 1990	1.01	1.50		1.29	1.69	1.06		1.17	1.01	1.07	.97	1.21
% Anchorage Dec 1991	1.03	1.54	1.50	1.31	1.65	.93	1.67	1.12	1.03	1.10	.99	1.24
% Anchorage Sep 1992	1.01	1.42	1.39	1.29	1.66	.92	1.62	1.09	1.02	1.09	.97	1.24
% Anchorage Dec 1992	1.00	1.47	1.41	1.16	1.65	.85	1.58	1.10	1.00	1.07	.95	1.18
<b>INDIVIDUALS:</b>												
Children: 1-2 years	15.25	22.37	21.51	17.65	25.23	13.00	24.13	16.80	15.24	16.39	14.50	18.04
3-5 years	16.58	24.32	23.39	19.19	27.44	14.14	26.25	10.27	16.57	17.83	15.77	19.62
6-8 years	21.92	32.15	30.92	25.36	36.27	18.69	34.69	24.15	21.90	23.56	20.85	25.94
9-11 years	24.97	36.63	35.22	28.89	41.31	21.29	39.52	27.51	24.95	26.84	23.75	29.55
Females: 12-19 years	24.50	35.93	34.55	20.34	40.53	20.00	30.77	26.90	24.47	26.33	23.29	28.98
20-50 years	25.45	37.32	35.89	29.45	42.10	21.69	40.37	20.03	25.43	27.35	24.20	30.11
51 years	24.78	36.35	34.95	28.67	41.00	21.12	39.22	27.80	24.76	26.64	23.57	29.32
Males: 12-14 years	28.31	41.52	39.93	32.75	46.83	24.13	44.80	31.10	28.28	30.43	26.92	33.49
15-19 years	29.17	42.78	41.14	33.75	48.25	24.86	46.16	32.13	29.14	31.35	27.74	34.51
20-50 years	28.98	42.50	40.87	33.53	47.94	24.70	45.85	31.92	28.95	31.14	27.55	34.28
51 years and older	27.55	40.40	38.85	31.87	45.57	23.48	43.59	30.34	27.52	29.61	26.19	32.59
Electricity (1000 kwh)	77.77	248.98	249.03	94.05	180.53	88.80	350.00	88.29	94.02	132.29	84.50	133.40
Electricity, Paid by State		78.23	60.90		57.53							
Heating Oil (55 gal.)	57.26	77.39	80.03	93.93	89.05	54.73		60.35	77.89	58.30	68.20	63.25
Gas, auto, unleaded (55 gal)		89.00	93.50	139.00	105.34	69.71	126.50	70.95	87.78	76.95	85.53	85.80
Lumber (2 x 4 x 8')		3.56	3.63	2.80	4.06	2.70		2.47	2.95	2.73	2.29	2.76
Propane 288 gallons	472.03	1022.40	720.00		1170.29	446.40		995.07	457.97		439.65	676.80
Propane 100# (refill)		105.00	250.00	42.58	99.75	35.40	88.50	35.45	48.09	35.00	42.61	56.40
Sewer, Monthly Fee	21.05	18.00	19.00		32.50			22.74	33.80	37.58	23.00	41.20
Sewer, 1,000 gallons		80.00			50.00	3.35		5.19				
Water, Monthly Fee	24.75	60.08	18.00		26.36	2.60			19.76		21.95	35.20
Water, 1,000 gallons		94.06			16.90	2.90		2.94				
Sewer and Water, monthly		***								33.60		

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FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. CSHB 67 (House HESS)

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to eligibility for and BRU: Assistance Payments BRU  
payments of Public Assistance. Section 6 Component: Aid to Families with Dependent  
 Sponsor: House HESS Children (AFDC)  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 0220

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(2,107.3)	(6,380.8)	(10,732.7)	(15,779.5)	(21,446.0)	(27,793.1)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(2,107.3)</b>	<b>(6,380.8)</b>	<b>(10,732.7)</b>	<b>(15,779.5)</b>	<b>(21,446.0)</b>	<b>(27,793.1)</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE FUND SOURCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	(960.9)	(2,935.1)	(4,937.0)	(7,258.6)	(9,865.2)	(12,784.8)
1003 GF Match	(960.9)	(2,935.1)	(4,937.0)	(7,258.6)	(9,865.2)	(12,784.8)
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	(185.5)	(510.6)	(858.7)	(1,262.3)	(1,715.6)	(2,223.5)
<b>TOTAL</b>	<b>(2,107.3)</b>	<b>(6,380.8)</b>	<b>(10,732.7)</b>	<b>(15,779.5)</b>	<b>(21,446.0)</b>	<b>(27,793.1)</b>

POSITIONS:

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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

NOTE: The FY94 reduction is included in the FY94 Governor budget. DO NOT DUPLICATE REDUCTION.

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we project that the adjustments will be 3.0 percent each January from 1994 to 1999.

Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 3/4/93  
 Date: 3/4/93

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**ANALYSIS (cont.):**

CSHB 67 (House HESS) repeals the COLA for the AFDC program. The general fund savings by this action would be approximately \$960.9 million in FY94. The savings increase in subsequent years as the compounded effects of COLA repeal accumulate.

Repealing the COLA does not reduce individual benefit amounts; it simply does not award an increase each January. The COLA percentage could be awarded in the AFDC standard of need, and not in AFDC payment calculations, creating a payment gap that serves as an incentive to work. Increased Food Stamp benefits will partially offset the loss of the COLA in household budgets.

Since July 1, 1980 AFDC need standards and maximum payment levels have been automatically increased annually by the same percentage as Social Security and SSI benefits increase. In addition to the automatic COLA the legislature approved AFDC benefit level increases in 1981 and 1983. These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 77% for an AFDC family of three.

**Assumptions used in fiscal note calculation:**

1. The January 1, 1994 Federal SSI COLA will be 3.0%. COLAs in subsequent years will also be 3.0%.
2. AFDC program caseloads increase at an average annual rate of 5%.

Currently maximum benefit levels are set by AS 47.25.320(a) and 7 AAC 45.520. These benefit levels vary according to size and composition of the assisted family. In accordance with AS 47.25.320(d), AFDC benefits (funded 50% General Fund, 50 percent federal match) are adjusted upward in January of each year by the same percentage as the federal Supplemental Security Income (SSI) program cost-of-living adjustment.

## ANALYSIS (cont.):

FY95 is the first full year of impact of repeal of the AFDC COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

The FY94 reduction is included in the FY94 agency budget request. DO NOT DUPLICATE REDUCTION/

## CSHB 67 (House HESS)

## AFDC

	FY94	FY95	FY96	FY97	FY98	FY99
No COLA in FY94						
AFDC AVG. Payment (After ratable and AFDC-Up Standards change to basic Assume 3.0 % yearly COLA for FY94-FY99	747	769	792	816	841	866
COLA INCREASE	25.344	22	23	24	24	25
AFDC Caseload AVG	13,858	14,550	15,278	16,042	16,844	17,686
6-Month reduction	\$25.34	\$22	\$23	\$24	\$24	\$25
12-month cumulative		\$25.34	\$47	\$70	\$94	\$118
FY Reduction						
6--Month impact	2107.3	1956.4	2115.9	2288.4	2474.9	2676.5
Cumulative impact	0	4424.4	8616.8	13491.1	18971.1	25116.6
TOTAL FY Reduction	2,107.3	6,380.8	10,732.7	15,779.5	21,446.0	27,793.1
Funding Source						
FEDERAL	960.9	2935.1	4937.0	7258.6	9865.2	12784.8
GFM	960.9	2935.1	4937.0	7258.6	9865.2	12784.8
I/A	185.5	510.6	858.7	1262.3	1715.6	2223.5
TOTAL		6380.8	10732.7	15779.5	21446.0	27793.1

ADN

3-6-93

An

# House panel approves welfare cuts

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

The Associated Press

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

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

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

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

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

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

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

The cuts would take effect July 1.

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

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

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

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

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

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

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

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

# JUNEAU EMPIRE

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## It's cynical to target welfare

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

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

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

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

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

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

Under Hickel's budget blueprint for next year, adult public assistance payments would be reduced \$42 a month, while Aid to Families with Dependent Children would cut payments for a low-income parent with one child by \$33 a month. Cost-of-living increases due in 1994 would be eliminated, too.

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

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

We hope both plans fizzle.

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

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

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

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

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

FISCAL NOTE

No. 8

Bill Version: CSHB 67 (HES)

(H) Publish Date: 3/5/93

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to eligibility for and BRU: Assistance Payments BRU  
payments of Public Assistance. Section 6 Component: Aid to Families with Dependent  
 Sponsor: House HESS Children (AFDC)  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 0220

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(2,107.3)	(6,380.8)	(10,732.7)	(15,779.5)	(21,446.0)	(27,793.1)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(2,107.3)</b>	<b>(6,380.8)</b>	<b>(10,732.7)</b>	<b>(15,779.5)</b>	<b>(21,446.0)</b>	<b>(27,793.1)</b>

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	(960.9)	(2,935.1)	(4,937.0)	(7,258.6)	(9,865.2)	(12,784.8)
1003 GF Match	(960.9)	(2,935.1)	(4,937.0)	(7,258.6)	(9,865.2)	(12,784.8)
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	(185.5)	(510.6)	(858.7)	(1,262.3)	(1,715.6)	(2,223.5)
<b>TOTAL</b>	<b>(2,107.3)</b>	<b>(6,380.8)</b>	<b>(10,732.7)</b>	<b>(15,779.5)</b>	<b>(21,446.0)</b>	<b>(27,793.1)</b>

POSITIONS:

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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

NOTE: The FY94 reduction is included in the FY94 Governor budget. DO NOT DUPLICATE REDUCTION.

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we project that the adjustments will be 3.0 percent each January from 1994 to 1999.

Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 3/4/93  
 Date: 3/4/93

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## ANALYSIS (cont.):

FY95 is the first full year of impact of repeal of the AFDC COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

The FY94 reduction is included in the FY94 agency budget request. DO NOT DUPLICATE REDUCTION/

## CSHB 67 (House HESS)

## AFDC

	FY94	FY95	FY96	FY97	FY98	FY99
No COLA in FY94						
AFDC AVG. Payment (After ratable and AFDC-Up Standards change to basic Assume 3.0 % yearly COLA for FY94-FY99	747	769	792	816	841	865
COLA INCREASE	25,344	22	23	24	24	25
AFDC Caseload AVG	13,858	14,550	15,278	16,042	16,844	17,686
6-Month reduction	\$25.34	\$22	\$23	\$24	\$24	\$25
12-month cumulative		\$25.34	\$47	\$70	\$94	\$118
FY Reduction						
6-Month impact	2107.3	1956.4	2115.9	2288.4	2474.9	2676.5
Cumulative impact	0	4424.4	8616.8	13491.1	18971.1	25116.6
TOTAL FY Reduction	2,107.3	6,380.8	10,732.7	15,779.5	21,446.0	27,793.1
Funding Source						
FEDERAL	960.9	2935.1	4937.0	7258.6	9865.2	12784.8
GFM	960.9	2935.1	4937.0	7258.6	9865.2	12784.8
I/A	185.5	510.6	858.7	1262.3	1715.6	2223.5
TOTAL		6380.8	10732.7	15779.5	21446.0	27793.1

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

FISCAL NOTE

No. 8

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Bill Version: CSHB 67 (HES)

(H) Publish Date: 3/5/93

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to eligibility for and BRU: Assistance Payments BRU  
payments of Public Assistance. Section 6 Component: Aid to Families with Dependent  
 Sponsor: House HESS Children (AFDC)  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 0220

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(2,107.3)	(6,380.8)	(10,732.7)	(15,779.5)	(21,446.0)	(27,793.1)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(2,107.3)	(6,380.8)	(10,732.7)	(15,779.5)	(21,446.0)	(27,793.1)

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	(960.9)	(2,935.1)	(4,937.0)	(7,258.6)	(9,865.2)	(12,784.8)
1003 GF Match	(960.9)	(2,935.1)	(4,937.0)	(7,258.6)	(9,865.2)	(12,784.8)
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	(185.5)	(510.6)	(858.7)	(1,262.3)	(1,715.6)	(2,223.5)
TOTAL	(2,107.3)	(6,380.8)	(10,732.7)	(15,779.5)	(21,446.0)	(27,793.1)

POSITIONS:

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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

NOTE: The FY94 reduction is included in the FY94 Governor budget. DO NOT DUPLICATE REDUCTION.

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we project that the adjustments will be 3.0 percent each January from 1994 to 1999.

Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 3/4/93  
 Date: 3/4/93

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**ANALYSIS (cont.):**

CSHB 67 (House HESS) repeals the COLA for the AFDC program. The general fund savings by this action would be approximately \$960.9 million in FY94. The savings increase in subsequent years as the compounded effects of COLA repeal accumulate.

Repealing the COLA does not reduce individual benefit amounts; it simply does not award an increase each January. The COLA percentage could be awarded in the AFDC standard of need, and not in AFDC payment calculations, creating a payment gap that serves as an incentive to work. Increased Food Stamp benefits will partially offset the loss of the COLA in household budgets.

Since July 1, 1980 AFDC need standards and maximum payment levels have been automatically increased annually by the same percentage as Social Security and SSI benefits increase. In addition to the automatic COLA the legislature approved AFDC benefit level increases in 1981 and 1983. These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 77% for an AFDC family of three.

**Assumptions used in fiscal note calculation:**

1. The January 1, 1994 Federal SSI COLA will be 3.0%. COLAs in subsequent years will also be 3.0%.
2. AFDC program caseloads increase at an average annual rate of 5%.

Currently maximum benefit levels are set by AS 47.25.320(a) and 7 AAC 45.520. These benefit levels vary according to size and composition of the assisted family. In accordance with AS 47.25.320(d), AFDC benefits (funded 50% General Fund, 50 percent federal match) are adjusted upward in January of each year by the same percentage as the federal Supplemental Security Income (SSI) program cost-of-living adjustment.

## ANALYSIS (cont.):

FY95 is the first full year of impact of repeal of the AFDC COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

The FY94 reduction is included in the FY94 ager.cy budget request. DO NOT DUPLICATE REDUCTION/

## CSHB 67 (House HESS)

## AFDC

	FY94	FY95	FY96	FY97	FY98	FY99
No COLA in FY94						
AFDC AVG. Payment (After ratable and AFDC-Up Standards change to basic Assume 3.0 % yearly COLA for FY94-FY99	747	769	792	816	841	866
COLA INCREASE	25,344	22	23	24	24	25
AFDC Caseload AVG	13,858	14,550	15,278	16,042	16,844	17,686
6-Month reduction	\$25.34	\$22	\$23	\$24	\$24	\$25
12-month cumulative		\$25.34	\$47	\$70	\$94	\$118
FY Reduction						
6-Month impact	2107.3	1956.4	2115.9	2288.4	2474.9	2676.5
Cumulative impact	0	4424.4	8616.8	13491.1	18971.1	25116.6
TOTAL FY Reduction	2,107.3	6,380.8	10,732.7	15,779.5	21,446.0	27,793.1
Funding Source						
FEDERAL	960.9	2935.1	4937.0	7258.6	9865.2	12784.8
GFM	960.9	2935.1	4937.0	7258.6	9865.2	12784.8
I/A	185.5	510.6	858.7	1262.3	1715.6	2223.5
TOTAL		6380.8	10732.7	15779.5	21446.0	27793.1

# FISCAL NOTE

**STATE OF ALASKA  
993 LEGISLATIVE SESSION**

No. 1  
Bill Version: HB 67  
(H) Publish Date: 1/15/93

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
Title: An Act Relating to Eligibility BRU: Assistance Payments BRU  
Author and Payments of Public Assistance. Sections 1, 2, 3 Component: Aid to Families with Dependent Children (AFDC)  
Sponsor: \_\_\_\_\_  
Requestor: Governor COMPONENT SERIAL NO. 0220

**Expenditures/Revenues:** (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
<b>OPERATING</b>						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(8,600.1)	(9,035.3)	(9,482.1)	(9,956.3)	(10,454.0)	(10,976.6)
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(8,600.1)</b>	<b>(9,035.3)</b>	<b>(9,482.1)</b>	<b>(9,956.3)</b>	<b>(10,454.0)</b>	<b>(10,976.6)</b>
<b>CAPITAL</b>						
<b>REVENUE FUND SOURCE</b>						

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts	(3,921.6)	(4,120.0)	(4,324.0)	(4,540.0)	(4,767.0)	(5,005.5)
1003 GF Match	(3,921.6)	(4,120.0)	(4,324.0)	(4,540.0)	(4,767.0)	(5,005.5)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other	(756.9)	(795.3)	(834.1)	(876.3)	(920.0)	(965.6)
<b>TOTAL</b>	<b>(8,600.1)</b>	<b>(9,035.3)</b>	<b>(9,482.1)</b>	<b>(9,956.3)</b>	<b>(10,454.0)</b>	<b>(10,976.6)</b>

**POSITIONS:**

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

Estimate of current year (FY93) impact: None

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

**IMPLEMENT RATABLE REDUCTION**

Formula AFDC program savings from a ratable reduction in AFDC payment level.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT Duplicate Reduction.

Prepared by: Jan L. Hansen, Director for Rankin, acting Phone: 465-3347  
 Division: Division of Public Assistance Date: 12/30/92  
 Approved by Commissioner: Theodore A. Mala by Jay Jones Date: 12/31/92  
 Agency: Department of Health and Social Services

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Ratable Reduction in AFDC Payment Level

**Aid to Families with Dependent Children (AFDC)**

This proposes legislation that provides for a ratable reduction of AFDC benefits. A provision of the Medicare Catastrophic Illness Act of 1988 requires, as a condition of future approval of Medicaid State Plans, maintenance of AFDC payment levels at or above those in effect for April 1988.

A ratable reduction of monthly maximum payments to their 1991 benefit level would result in an average payment reduction per family of \$52 for each month of FY94.

Ratable reductions are the single most effective method of immediately reducing program costs. They equitably distribute benefit reductions across the caseload, rather than impact specific groups. Food Stamp benefit increases will partially offset the decreases in cash benefits.

The AFDC reduction can be structured to create a "gap" between the need standard and the payment standard which creates an incentive for earned income by allowing for increased income from earnings without termination of AFDC. "GAP" exists when payments are made at a percentage of the need standard. Reductions in AFDC benefits will also make AFDC a slightly less attractive alternative to work.

Of the 39,911 people who will receive AFDC each month, 24,759 are children under the age of 19. Roughly two-thirds of all AFDC households consist of a parent and one or two children, with no other source of cash income but the PFD. The typical AFDC household in Alaska consists of a mother and one child. In FY94, without the reductions, this household would have expected to receive \$871 per month in AFDC cash assistance, assuming no other source of income. In all months that this family receives assistance, the grant amount will be reduced by \$79 due to imposition of a ratable reduction to the 1991 payment level. The AFDC formula reduction from this reduction is \$8.6 million (\$3.9 million GF).

Assumptions used in fiscal note calculation:

1. AFDC program caseloads increase at an average annual rate of 5%.
2. The ratable reduction to AFDC maximum payment levels is to 1991 levels. This effectively rolls back COLA increases of 3.0% (January 1, 1993) and 3.7% (January 1, 1992).
3. The adjustment in payments is effective July 1, 1993.

Maximum benefit levels are set by AS 47.25.320(a) and 7 AAC 45.520. These benefit levels vary according to the size and composition of the assisted family. In accordance with AS 47.25.320(d), AFDC benefits (funded 50 percent General Fund, 50 percent federal match) are adjusted upward in January of each year by the same percentage as the federal Supplemental Security Income (SSI) program cost-of-living adjustment.

A provision of the Medicare Catastrophic Coverage Act of 1988 requires, as a condition of future approval of Medicaid State Plans, maintenance of AFDC payment levels at or above those in effect for April 1988. The proposed reduction does not conflict with this requirement, so long as payments remain at or above the April 1988 level.

HS 67

The FY94-FY99 formula impact of the ratable reduction assumes the reduction is not restored retroactively, therefore the maximum AFDC payment base is lower in subsequent fiscal years.

AFDC	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
AFDC Caseload Average Caseload	13858	14558	15278	16042	16844	17686
* Average Payment reduction for the ratable reduction that is not restored retroactively	\$51.71	\$51.72	\$51.72	\$51.72	\$51.72	\$51.72
<b>TOTAL FY REDUCTION</b>	<b>8600.1</b>	<b>9035.3</b>	<b>9482.1</b>	<b>9956.3</b>	<b>10454.0</b>	<b>10976.6</b>
Funding Source						
Federal	3921.6	4120.0	4324.0	4540.0	4767.0	5005.5
GF	3921.6	4120.0	4324.0	4540.0	4767.0	5005.5
I/A	756.9	795.3	834.1	876.3	920.0	965.6

\*The \$51.72 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

# FISCAL NOTE

Bill Version: HB 67  
(H) Publish Date: 1/15/93

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
Title: An Act Relating to Eligibility BRU: Assistance Payments BRU  
for and Payments of Public Assistance. Section 4 Component: Adult Public Assistance (APA)  
Sponsor: \_\_\_\_\_  
Requestor: Governor COMPONENT SERIAL NO. 0222

Expenditures/Revenues:	(Thousands of Dollars)					
OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(607.7)	(1,274.2)	(1,338.0)	(1,404.8)	(1,475.1)	(1,548.8)
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(607.7)</b>	<b>(1,274.2)</b>	<b>(1,338.0)</b>	<b>(1,404.8)</b>	<b>(1,475.1)</b>	<b>(1,548.8)</b>
CAPITAL						
REVENUE FUND SOURCE						

FUNDING:	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF	(572.2)	(1,200.2)	(1,260.4)	(1,323.3)	(1,389.5)	(1,459.0)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other	(35.5)	(74.0)	(77.6)	(81.5)	(85.6)	(89.8)
<b>TOTAL</b>	<b>(607.7)</b>	<b>(1,274.2)</b>	<b>(1,338.0)</b>	<b>(1,404.8)</b>	<b>(1,475.1)</b>	<b>(1,548.8)</b>

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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

**SUSPEND APA COLA**

Formula APA program savings from suspension of the COLA in FY94.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT Duplicate Reduction.

Prepared by: Jan L. Hansen, Director for Ranlyman, acting Phone: 465-3347  
Division: Division of Public Assistance Date: 12/30/92  
Approved by Commissioner: Theodore A. Mala, MD, MPH Date: 12/21/92  
Agency: Department of Health and Social Services

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FRI - LOST - APA - SUSPEND APA COLA

## Suspend APA COLA

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we currently estimate that the January 1994 adjustments will be 3.0 percent.

This proposes legislation that provides for a suspension of the cost-of-living adjustment in the APA program during fiscal year 1994. The general funds savings by this action would be approximately \$572.2 million.

Suspending the COLAs does not reduce individual benefit amounts; it simply does not award an increase in January, leaves statutory authority in place to award COLAs in future years, and reduces the base on which future COLAs will be awarded. Increased Food Stamp benefits will partially offset loss of COLAs in household budgets.

Since July 1, 1980 AFDC and APA need standards and maximum payment levels have been automatically increased annually by the same percentage of Social Security and SSI benefits increase. In addition to the automatic COLA the legislature approved AFDC and APA benefit level increases in 1981 and 1983.

These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 77% for an AFDC family of three and 111% for a single APA client. (125% APA couple)

### Assumptions used in fiscal note calculation:

1. The Federal SSI COLA will be 3.0%.
2. APA program caseload increases at an average annual rate of 5%.
3. Proposed legislation provides for suspension of the January 1, 1994 COLA.

Adult Public Assistance payment levels are set in regulation at 7 AAC 40.310, as authorized by AS 47.25.430(b). These benefit levels vary according to the composition of the household and the type of living arrangement. Current statute at AS 47.25.430(b) provides for COLA adjustments at the same percentage as the SSI program. APA payments are funded with 100 percent General Fund monies.

The APA program is essentially supplemental to federal Social Security and SSI benefits; APA applicants are required to apply for payments from the Social Security Administration, and nearly all APA recipients receive federal payments which are subtracted from the APA maximum payment standard to determine the amount of their APA payments. Under current state law, both federal benefit levels and APA benefit levels are adjusted concurrently each January.

Federal rules require, as a condition of federal Medicaid matching funds, maintenance of APA payment levels at least as high as those in effect for March 1983, or maintenance of total APA program expenditures for a calendar year at a level at least as great as the expenditures for the immediately preceding year (Interim Assistance expenditures are not considered in the calculation.) Alaska's compliance is not threatened by a one-year suspension of the APA COLA.

Under this proposed change in the law, the State will pass along the 1/1/94 COLA increase allowed in the federal SSI program, but will not increase the state supplemental contribution to recipients.

The FY94-FY99 formula impact of the COLA assumes the prior suspension of the January 1994 increase is not restored retroactively, therefore the maximum APA payment base is lower in subsequent fiscal years. FY95 is the first full year of impact of suspension of the January 1994 COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

APA	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
APA Caseload Average Caseload(less Interim Assistance)	9207	9653	10136	10643	11175	11734
* Average Payment reduction for the 1/1/94 COLA suspension that is not restored retroactively	\$11	\$11	\$11	\$11	\$11	\$11
<b>TOTAL FY REDUCTION</b>	<b>607.7</b>	<b>1274.2</b>	<b>1338.0</b>	<b>1404.8</b>	<b>1475.1</b>	<b>1548.8</b>
GF	572.2	1200.2	1260.4	1323.3	1389.5	1459.0
I/A	35.5	74.0	77.6	81.5	85.6	89.8

\*The \$11 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

# FISCAL NOTE

No. 3

Bill Version: HB 67

(H) Publish Date: 1/15/93

STATE OF ALASKA  
993 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU  
 for and Payments of Public Assistance, Sections 4, 5 Component: Adult Public Assistance (APA)  
 Sponsor: \_\_\_\_\_  
 Requestor: Governor COMPONENT SERIAL NO. 0222

Expenditures/Revenues:	(Thousands of Dollars)					
OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(4,051.9)	(4,247.7)	(4,460.2)	(4,683.3)	(4,917.4)	(5,163.4)
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(4,051.9)</b>	<b>(4,247.7)</b>	<b>(4,460.2)</b>	<b>(4,683.3)</b>	<b>(4,917.4)</b>	<b>(5,163.4)</b>
CAPITAL						
REVENUE FUND SOURCE						

FUNDING:	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF	(3,815.6)	(4,001.0)	(4,202.0)	(4,412.0)	(4,632.0)	(4,864.0)
1005 GF/Program Receipts						
1006 GF/MHTA						
Other	(236.3)	(246.7)	(258.2)	(271.3)	(285.4)	(299.4)
<b>TOTAL</b>	<b>(4,051.9)</b>	<b>(4,247.7)</b>	<b>(4,460.2)</b>	<b>(4,683.3)</b>	<b>(4,917.4)</b>	<b>(5,163.4)</b>

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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

**IMPLEMENT RATABLE REDUCTION**

Formula APA program savings from a ratable reduction in APA payment level.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT Duplicate Reduction.

Prepared by: Jan L. Hansen, Director *Randy*  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore A. Mala, MD, MPH *(R) Theodore A Mala by Jagswey*  
 Agency: Department of Health and Social Services

Phone: 465-3347  
 Date: 12/30/92  
 Date: 12/31/92

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FN-4 - APA RATABLE REDUCTION

Ratable Reduction in APA Payment Level

**Adult Public Assistance (APA)**

Federal rules require, as a condition of federal Medicaid funding, APA payment levels at least as high as those in effect for March 1983 or maintenance of total program expenditures for the immediately preceding year. A reduction to the 1990 APA maximum payment level would result in an average payment reduction per client of approximately \$37 for each month of FY94. Ratable reductions are the single most effective method of immediately reducing program costs. They equitably distribute benefit reductions across the caseload, rather than impact specific groups.

Food Stamp benefit increases will partially offset decreases in cash benefits.

In FY94, the maximum state supplemental payment for an APA individual living independently is \$384. A ratable reduction to the 1990 payment level would reduce the state payment to an individual APA client by \$53 each month. The APA payment is currently 111% of poverty and would be reduced to 104% of poverty. The APA formula reduction from the ratable is 3.8 million GF.

Assumptions used in fiscal note calculation:

1. APA program caseloads increase at an average annual rate of 5%.
2. The ratable reduction to APA maximum payment levels is to 1990 levels. This rolls back COLA increases of 3.0% (January 1, 1993) 3.7% (January 1, 1992) and 5.4% (January 1, 1991).
3. The adjustment in payments is effective July 1, 1993.

Adult Public Assistance payment levels are set in regulation at 7 AAC 40.310, as authorized by AS 47.25.430(b). These benefit levels vary according to the composition of the household and the type of living arrangement. Current statute at AS 47.25.430(b), provides for COLA adjustments at the same percentage as the SSI program. APA payments are funded with 100 percent General Fund monies.

The APA program is essentially supplemental to federal Social Security and SSI benefits; APA applicants are required to apply for payments from the Social Security Administration, and nearly all APA recipients receive federal payments which are subtracted from the APA maximum payment standard to determine the amount of their APA payments. Under current state law, both federal benefit levels and APA benefit levels are adjusted concurrently each January.

Federal rules require, as a condition of federal Medicaid matching funds, maintenance of APA payment levels at least as high as those in effect for March 1983, or maintenance of total APA program expenditures for a calendar year at a level at least as great as the expenditures for the immediately preceding year (Interim Assistance expenditures are not considered in the calculation.) Alaska's compliance is not threatened by this proposed ratable reduction in APA payments.

The FY94-FY99 formula impact of the ratable reduction assumes the reduction is not restored retroactively, therefore the maximum APA payment base is lower in subsequent fiscal years.

APA	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
APA Caseload Average Caseload(less Interim Assistance)	9207	9653	10136	10643	11175	11734
* Average Payment reduction for the ratable reduction that is not restored retroactively	\$36.67	\$36.67	\$36.67	\$36.67	\$36.67	\$36.67
<b>TOTAL FY REDUCTION</b>	<b>4051.9</b>	<b>4247.7</b>	<b>4460.2</b>	<b>4683.3</b>	<b>4917.4</b>	<b>5163.4</b>
GF	3815.6	4001.0	4202.0	4412.0	4632.0	4864.0
I/A	236.3	246.7	258.2	271.3	285.4	299.4

\*The \$36.67 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

# FISCAL NOTE

## STATE OF ALASKA 993 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU  
 for and Payments of Public Assistance, Section 6 Component: Adult Public Assistance (APA)  
 Sponsor: \_\_\_\_\_  
 Requestor: Governor COMPONENT SERIAL NO. 0222

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE FUND SOURCE						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts	434.0	1,016.3	1,076.1	1,135.9	1,195.7	1,255.5
1003 GF Match						
1004 GF	(434.0)	(1,016.3)	(1,076.1)	(1,135.9)	(1,195.7)	(1,255.5)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

### IMPLEMENT INTERIM ASSISTANCE REIMBURSEMENT

Enact Interim Assistance Reimbursement that recovers state Interim Assistance benefits from the retroactive SSI benefits of applicants found eligible for SSI.

The FY94 GF savings is included in the FY94 Gov Budget. DO NOT Duplicate Reduction.

Prepared by: Jan L. Hansen, Director *in Randy Moran: acting*  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore A. Mala, MD, MPH *Theodore A. Mala by Theodore A. Mala*  
 Agency: Department of Health and Social Services

Phone: 465-3347  
 Date: 12/30/92  
 Date: 12/3/92

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**Enact Interim Assistance Reimbursement and Eliminate Retroactive APA Payments to Interim Assistance Recipients After SSI Application Approved.**

State statute AS 47.25.455 requires the State to pay \$280 per month to persons eligible under this statute while the Social Security Administration is processing their disability applications. SSI regulations allow states to be reimbursed for their Interim Assistance costs out of the retroactive SSI entitlements of applicants who are ultimately found eligible for federal SSI benefits.

Because of concerns that disability assistance can be easily abused, the process of proving or disproving disability for Social Security purposes has gradually become lengthy and complex. Concerns that people may need help badly while that process is allowed to unfold led to Alaska's enactment of Interim Assistance for APA Aid to the Disabled applicants who are awaiting a disability determination by the Social Security Administration. Although a high proportion (about 60%) of all Disability applicants are ultimately determined to be not legally disabled, an Alaska Supreme Court decision (Moore v. Beirne) determined that AS 47.25.455 requires that the state continue interim assistance until all Social Security administrative processes are complete and all administrative appeal rights have been exhausted.

Under existing state law, Alaska applicants for Adult Public Assistance receive Interim Assistance for an average of 8.8 months before a decision is made on their eligibility for SSI benefits. The Interim Assistance case is converted retroactively to Adult Public Assistance, effective with the date of APA application, after the SSI decision is made. Interim Assistance recipients receive \$280 in Interim Assistance. The proposed change does not eliminate any monthly assistance payments to recipients; it simply recovers Interim Assistance by reducing retroactive windfall payments.

The proposed changes to AS 47.25.455 would enable DHSS to effectively recover Interim Assistance benefits from the retroactive SSI benefits of APA applicants who are found eligible for SSI. APA applicants would be required to agree to have their retroactive SSI benefits paid to DHSS to reimburse the state for the Interim Assistance they would receive. There would be no retroactive entitlement to regular APA benefits.

\$280 of the monthly retroactive SSI benefit would be collected by DHSS, and the remaining \$154 in retroactive SSI would be paid to the client.

	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
Cases per month	32	34	36	38	40	42
Average Reimbursement Amount	\$1130.20	\$2491	\$2491	\$2491	\$2491	\$2491
<b>TOTAL</b>	<b>434.0</b>	<b>1016.3</b>	<b>1076.1</b>	<b>1135.9</b>	<b>1195.7</b>	<b>1255.5</b>

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

# FISCAL NOTE

No. 5  
 Bill Version: HB 67  
 (H) Publish Date: 1/15/93

STATE OF ALASKA  
 1993 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU  
for and Payments of Public Assistance, Sections 1, 7 Component: Aid to Families with Dependent  
 Sponsor: \_\_\_\_\_ Children (AFDC)  
 Requestor: Governor COMPONENT SERIAL NO. 0220

Expenditures/Revenues:	(Thousands of Dollars)					
OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(1,944.4)	(2,713.4)	(2,849.0)	(2,992.1)	(3,141.4)	(3,299.0)
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(1,944.4)</b>	<b>(2,713.4)</b>	<b>(2,849.0)</b>	<b>(2,992.1)</b>	<b>(3,141.4)</b>	<b>(3,299.0)</b>
CAPITAL						
REVENUE FUND SOURCE						

FUNDING:	(Thousands of Dollars)					
1002 Federal Receipts	(972.2)	(1,356.7)	(1,424.5)	(1,496.1)	(1,570.7)	(1,649.5)
1003 GF Match	(972.2)	(1,356.7)	(1,424.5)	(1,496.0)	(1,570.7)	(1,649.5)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>(1,944.4)</b>	<b>(2,713.4)</b>	<b>(2,849.0)</b>	<b>(2,992.1)</b>	<b>(3,141.4)</b>	<b>(3,299.0)</b>

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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

**AFDC BASIC NEED STANDARDS FOR AFDC-UP AND AFDC INCAP**

Formula AFDC program savings by amending pay to AFDC-UP and Incap cases on the same standard used for AFDC-Basic cases.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT Duplicate.

Prepared by: Jan L. Hansen, Director for Rankin, acting Phone: 465-3347  
 Division: Division of Public Assistance Date: 12/30/92  
 Approved by Commissioner: Theodore A. Mala, MD, MPH Date: 1/31/93  
 Agency: Department of Health and Social Services

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Use AFDC Basic Need Standards for AFDC-UP and AFDC-Incap

AS 47.25.320(e) sets the AFDC need standards for AFDC-UP payments at the same level as the standards for AFDC INCAP cases that are set in state regulations. This proposes that the statute be amended to pay AFDC-UP and INCAP cases on the same standard used for AFDC-BASIC cases, i.e., to set the increment for the second parent at the same level as the increment for an additional child in an AFDC-BASIC case. This would result in a payment reduction of \$90 for a typical AFDC-UP and INCAP case.

This change eliminates the inequity between existing payment standards for single-parent and two-parent AFDC households of the same size. It also makes the AFDC-UP program a less attractive alternative to working by reducing payment levels, thus tending to reduce the dependency of intact families on welfare payments. Increased Food Stamp benefits will partially offset the reduction in cash benefits.

Assumptions used in fiscal note computations:

1. AFDC-UP and AFDC-INCAP caseloads increase at an average annual rate of 5%
2. AFDC-UP and AFDC-INCAP payment level is the same standard used for AFDC-Basic cases.
3. The adjustment in payments is effective October 1, 1993 (9 month impact in FY94).

The FY94-FY99 formula impact of the standards change for AFDC-UP and AFDC-INCAP assumes the reduction is not restored retroactively, therefore the maximum AFDC payment base is lower in subsequent fiscal years.

AFDC	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
Projected Average AFDC-UP and INCAP Caseload	2476	2599	2729	2866	3009	3160
Average Payment reduction for the base change that is not restored retroactively	\$87.26	\$87	\$87	\$87	\$87	\$87
<b>TOTAL FY REDUCTION</b>	<b>1944.4</b>	<b>2713.4</b>	<b>2849.0</b>	<b>2992.1</b>	<b>3141.4</b>	<b>3299.0</b>
Federal	972.2	1356.7	1424.5	1496.0	1570.7	1649.5
GFM	972.2	1356.7	1424.5	1496.1	1570.7	1649.5

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.



## Suspend AFDC COLA

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we currently estimate that the January 1994 adjustments will be 3.0 percent.

This proposes legislation that provides for a suspension of the cost-of-living adjustment in the AFDC program during fiscal year 1994. The general fund savings by this action would be approximately \$960.9 million.

Suspending the COLAs does not reduce individual benefit amounts; it simply does not award an increase in January 1994, leaves statutory authority in place to award COLAs in future years, and reduces the base on which future COLAs will be awarded.

The COLA percentage could be awarded in the AFDC standard of need, and not in AFDC payment calculations, creating a payment gap that serves as an incentive to work. Increased Food Stamp benefits will partially offset the loss of the COLA in household budgets.

Since July 1, 1980 AFDC and APA need standards and maximum payment levels have been automatically increased annually by the same percentage of Social Security and SSI benefits increase. In addition to the automatic COLA the legislature approved AFDC and APA benefit level increases in 1981 and 1983. These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 77% for an AFDC family of three and 111% for a single APA client (125% APA couple).

### Assumptions used in fiscal note calculation:

1. The January 1, 1994 Federal SSI COLA will be 3.0%.
2. AFDC program caseloads increase at an average annual rate of 5%.
3. Proposed legislation provides for suspension of the January 1, 1994 COLA.

Currently maximum benefit levels are set by AS 47.25.320(a) and 7 AAC 45.520. These benefit levels vary according to size and composition of the assisted family. In accordance with AS 47.25.320(d), AFDC benefits (funded 50% General Fund, 50 percent federal match) are adjusted upward in January of each year by the same percentage as the federal Supplemental Security Income (SSI) program cost-of-living adjustment.

The FY94-FY99 formula impact of the COLA assumes the suspension of the January 1994 increase is not restored retroactively, therefore the maximum AFDC payment base is lower in subsequent fiscal years. FY95 is the first full year of impact of suspension of the January 1994 COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

AFDC	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
AFDC Caseload Average Caseload	13858	14550	15278	16042	16844	17686
*Average Payment reduction for the 1/1/94 COLA suspension that is not restored retroactively	\$25.34	\$25.34	\$25.34	\$25.34	\$25.34	\$25.34
<b>TOTAL FY REDUCTION</b>	<b>2107.3</b>	<b>4424.4</b>	<b>4645.7</b>	<b>4878.0</b>	<b>5121.9</b>	<b>5378.0</b>
Funding Source						
Federal	960.9	2017.5	2118.5	2224.4	2335.5	2452.5
GF	960.9	2017.5	2118.5	2224.4	2335.5	2452.5
I/A	185.5	389.4	408.7	429.2	450.9	473.0

\*The \$25.34 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

No. 7  
Bill Version: CSHB 67 (HES)  
(H) Publish Date: 3/5/93

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to eligibility for and BRU: Assistance Payments BRU  
payments of Public Assistance. Section 3 Component: Adult Public Assistance (APA)  
 Sponsor: \_\_\_\_\_  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 222

Expenditures/Revenues:		(Thousands of Dollars)					
OPERATING	FY94	FY95	FY96	FY97	FY98	FY99	
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0	
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0	
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0	
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0	
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0	
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0	
GRANTS, CLAIMS	(607.7)	(1,780.4)	(2,948.5)	(4,262.8)	(5,737.9)	(7,389.8)	
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0	
<b>TOTAL OPERATING</b>	<b>(607.7)</b>	<b>(1,780.4)</b>	<b>(2,948.5)</b>	<b>(4,262.8)</b>	<b>(5,737.9)</b>	<b>(7,389.8)</b>	
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0	
REVENUE FUND SOURCE	0	0	0	0	0	0	

FUNDING:		(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	
1004 GF	(572.2)	(1,676.4)	(2,776.3)	(4,013.9)	(5,402.8)	(6,958.2)	
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0	
Other	(35.5)	(104.0)	(172.2)	(248.9)	(335.1)	(431.5)	
<b>TOTAL</b>	<b>(607.7)</b>	<b>(1,780.4)</b>	<b>(2,948.5)</b>	<b>(4,262.8)</b>	<b>(5,737.9)</b>	<b>(7,389.8)</b>	

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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

The FY94 reduction is included in the FY94 Gov Budget. DO NOT DUPLICATE REDUCTION

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we project that the COLA adjustments will be 3.0 percent each January from 1994 through 1999.

Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 3/4/93  
 Date: 3/4/93

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## ANALYSIS (cont.):

## CSHB 67 (House HESS)

## APA

	FY94	FY95	FY96	FY97	FY98	FY99
No COLA in FY94 APA AVG. Payment After ratable and APA Standards change to basic Assume 3.0% FY95 - FY99	291.32	300	309	318	328	338
COLA INCREASE	11	9	9	9	10	10
APA Caseload AVG	9,207	9,653	10,136	10,643	11,175	11,734
6-Month reduction	\$11.00	\$9	\$9	\$9	\$10	\$10
12-month cumulative		\$11.00	\$20	\$29	\$38	\$48
FY Reduction 6-Month impact	607.7	506.2	547.5	592.1	640.3	692.5
Cumulative impact	0	1274.2	2401.0	3670.7	5097.6	6697.3
TOTAL FY Reduction	607.7	1,780.4	2,948.5	4,262.8	5,737.9	7,389.8
Funding Source						
GF	572.2	1676.4	2776.3	4013.9	5402.8	6958.2
I/A	35.5	104.0	172.2	248.9	335.1	431.6
TOTAL	607.7	1780.4	2948.5	4262.8	5737.9	7389.8

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

No. 7  
Bill Version: C SHB 67 (HES)  
(H) Publish Date: 3/5/93

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Re: An Act relating to eligibility for and BRU: Assistance Payments BRU  
payments of Public Assistance. Section 3 Component: Adult Public Assistance (APA)

Sponsor: \_\_\_\_\_  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 222

Expenditures/Revenues:		(Thousands of Dollars)					
	FY94	FY95	FY96	FY97	FY98	FY99	
OPERATING							
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0	
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0	
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0	
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0	
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0	
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0	
GRANTS, CLAIMS	(607.7)	(1,780.4)	(2,948.5)	(4,262.8)	(5,737.9)	(7,389.8)	
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL OPERATING	(607.7)	(1,780.4)	(2,948.5)	(4,262.8)	(5,737.9)	(7,389.8)	
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0	
REVENUE FUND SOURCE	0	0	0	0	0	0	

FUNDING:		(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	
1004 GF	(572.2)	(1,676.4)	(2,776.3)	(4,013.9)	(5,402.8)	(6,958.2)	
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0	
Other	(35.5)	(104.0)	(172.2)	(248.9)	(335.1)	(431.6)	
TOTAL	(607.7)	(1,780.4)	(2,948.5)	(4,262.8)	(5,737.9)	(7,389.8)	

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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

The FY94 reduction is included in the FY94 Gov Budget. DO NOT DUPLICATE REDUCTION

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we project that the COLA adjustments will be 3.0 percent each January from 1994 through 1999.

Prepared by: Jan L. Hansen, Director *[Signature]* Phone: 465-2680  
 Division: Division of Public Assistance Date: 3/4/93  
 Approved by Commissioner: Theodore A. Mala, MD, MPH *[Signature]* Date: 3/4/93  
 Agency: Department of Health & Social Services

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## ANALYSIS (cont.):

CSHB 67 (House HESS) repeals the COLA for APA benefits beginning in January 1994. The general funds savings by this action would be approximately \$572.2 million in FY94 and would increase each year as the effects in subsequent years compound.

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These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 111% for a single APA client. (125% APA couple)

## Assumptions used in fiscal note calculation:

1. The Federal SSI COLA will be 3.0% per year.
2. APA program caseload increases at an average annual rate of 5%

Adult Public Assistance payment levels are set in regulation at 7 AAC 40.310, as authorized by AS 47.25.430(b). These benefit levels vary according to the composition of the household and the type of living arrangement. Current statute at AS 47.25.430(b) provides for COLA adjustments at the same percentage as the SSI program. APA payments are funded with 100 percent General Fund monies.

The APA program is essentially supplemental to federal Social Security and SSI benefits; APA applicants are required to apply for payments from the Social Security Administration, and nearly all APA recipients receive federal payments which are subtracted from the APA maximum payment standard to determine the amount of their APA payments. Under current state law, both federal benefit levels and APA benefit levels are adjusted concurrently each January.

Federal rules require, as a condition of federal Medicaid matching funds, maintenance of APA payment levels at least as high as those in effect for March 1983, or maintenance of total APA program expenditures for a calendar year at a level at least as great as the expenditures for the immediately preceding year (Interim Assistance expenditures are not considered in the calculation.) Alaska's compliance is not threatened by a repeal of the APA COLA. CSHB 67 (House HESS) freezes APA payment levels at the January 1990 level

Under this proposed change in the law, the State will pass along the 1/1/94 COLA increase allowed in the federal SSI program, but will not increase the state supplemental contribution to recipients.

FY95 is the first full year of impact of repeal of the January 1994 COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

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## ANALYSIS (cont.):

## CSHB 67 (House HESS)

## APA

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### POSITION PAPER ON HB 67 AND SB 101

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

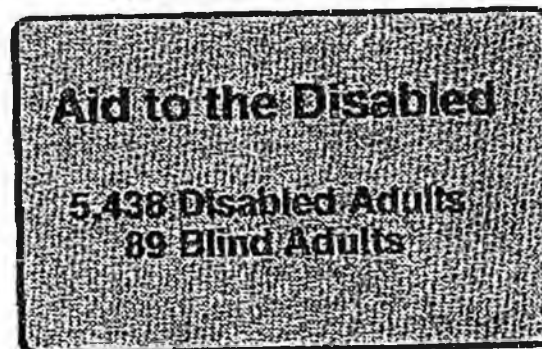
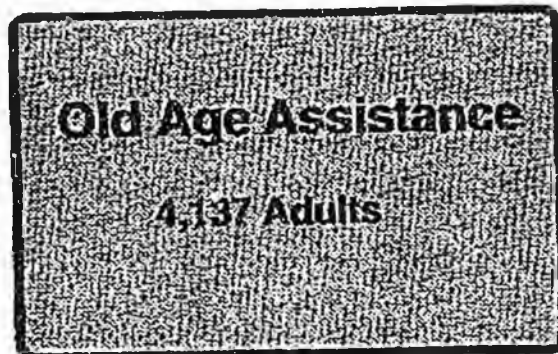
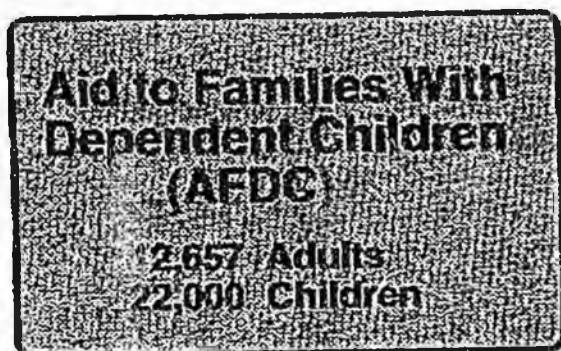
Similarly, Governor Hickel's initiative Project Choice counts on a sizeable contribution from the client.

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

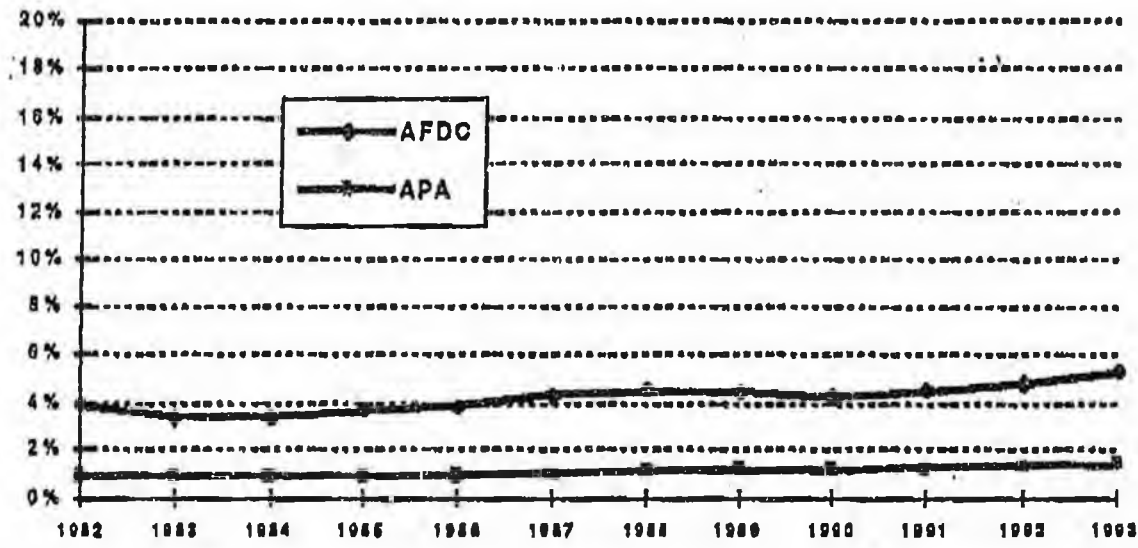
For further information, you may contact the following:

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

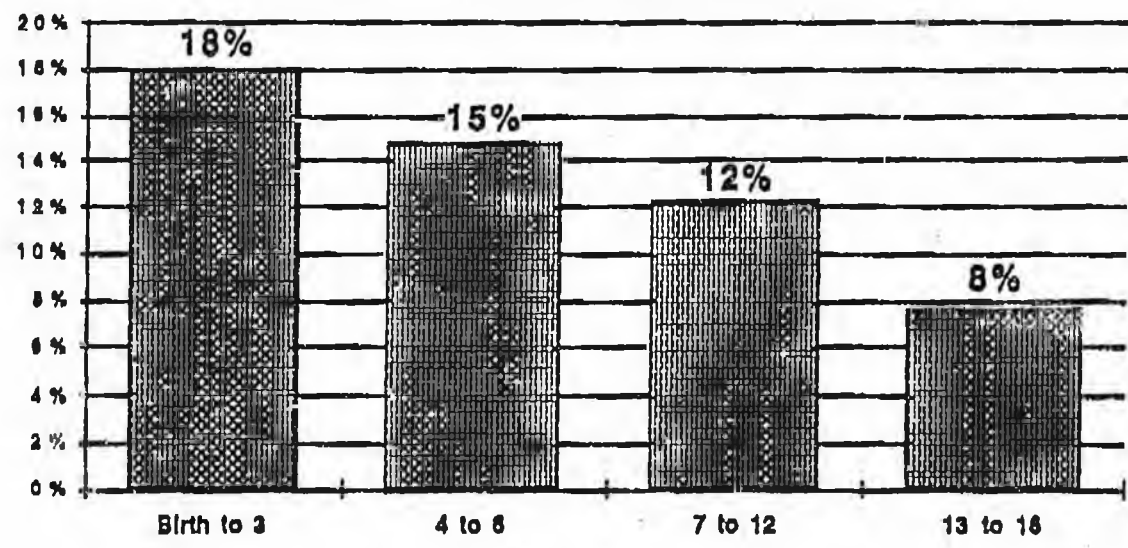
**ALASKA**  
**Public Assistance Programs**  
**Projected FY1994 Caseloads**



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



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



FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. CSHB 67 (House HESS)

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to eligibility for and BRU: Assistance Payments BRU  
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 Sponsor: \_\_\_\_\_  
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CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance

Phone: 465-2680  
 Date: 3/4/93

Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

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FAX (907) 465-2029  
Mail Stop 3101

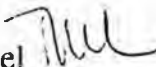
130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

**MEMORANDUM**

March 3, 1993

**SUBJECT:** Public Assistance (CSHB 67(HES))

**TO:** Representative Cynthia Toohey

**FROM:** Terri Lauterbach   
Legislative Counsel

Enclosed is a final for HB 67 as passed out by the HES committee.

I have made an additional change in sec. 4 of the bill to correspond to the change made by the committee in sec. 3 of the bill. Since the committee deleted all references to increases in the state contribution in sec. 3, I deleted the corresponding reference to increases in the state contribution that was contained in sec. 4. I deleted from the end of that new subsection the following words: ", as modified by an increase under (b) of this section resulting from an increase in benefit amounts under 42 U.S.C. 1381 - 1383, that took effect after December 31, 1994". Because of the committee's change in AS 47.25.430(b), there will be no "increase [in the state contribution] under (b) of this section" after December 31, 1994.

Please let me know if you consider this additional change to be outside your prerogative to approve without committee action. If you do, there are two other options: (1) we could prepare a final as actually passed by the committee if you want to rely on the next committee to make the proper change to sec. 4, or (2) we could prepare a corrective amendment for your committee if you want to reconsider the bill.

Please let me know if I can be of further assistance.

TML:pl  
93-148.plm

Enclosure

## Technical Corrections Needed to HB 67

The House and Senate versions of the Governor's public assistance reduction bill are not identical, apparently as a result of a clerical error. The problem lies with the effective date sections at the end of the bills. The language in Sections 9 and 10 of SB 101 is correct.

The text of HB 67 does not include Section 9 of SB 101, which provides for an immediate effective date for Section 8, giving the Department immediate authority to begin the process of adopting implementing regulations. Section 9 of HB 67 must be reworded to conform to the language of SB 101, and the existing Section 9 of HB 67 must be renumbered to Section 10. The language in Section 8 of HB 67 must be reworded to conform to the establishment of a separate effective date in section 9. With these revisions, Sections 8, 9 and 10 would read:

\* **Sec. 8.** Transition for Regulations. Notwithstanding sec. 10 of this Act, the Department of Health and Social Services may proceed to adopt regulations necessary to implement this Act, consistent with federal requirements. The regulations take effect under the Administrative Procedure Act, but not before July 1, 1993.

\* **Sec. 9.** Section 8 of this Act takes effect immediately under AS 01.10.070(c).

\* **Sec. 10.** Sections 1-7 of this Act take effect July 1, 1993.

There is also a typographical error in a statutory reference in Section 2 of both bills. The reference on line 12, page 2 should read:

\* **Sec. 2.** AS 47.25.320(d) is amended to read:

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

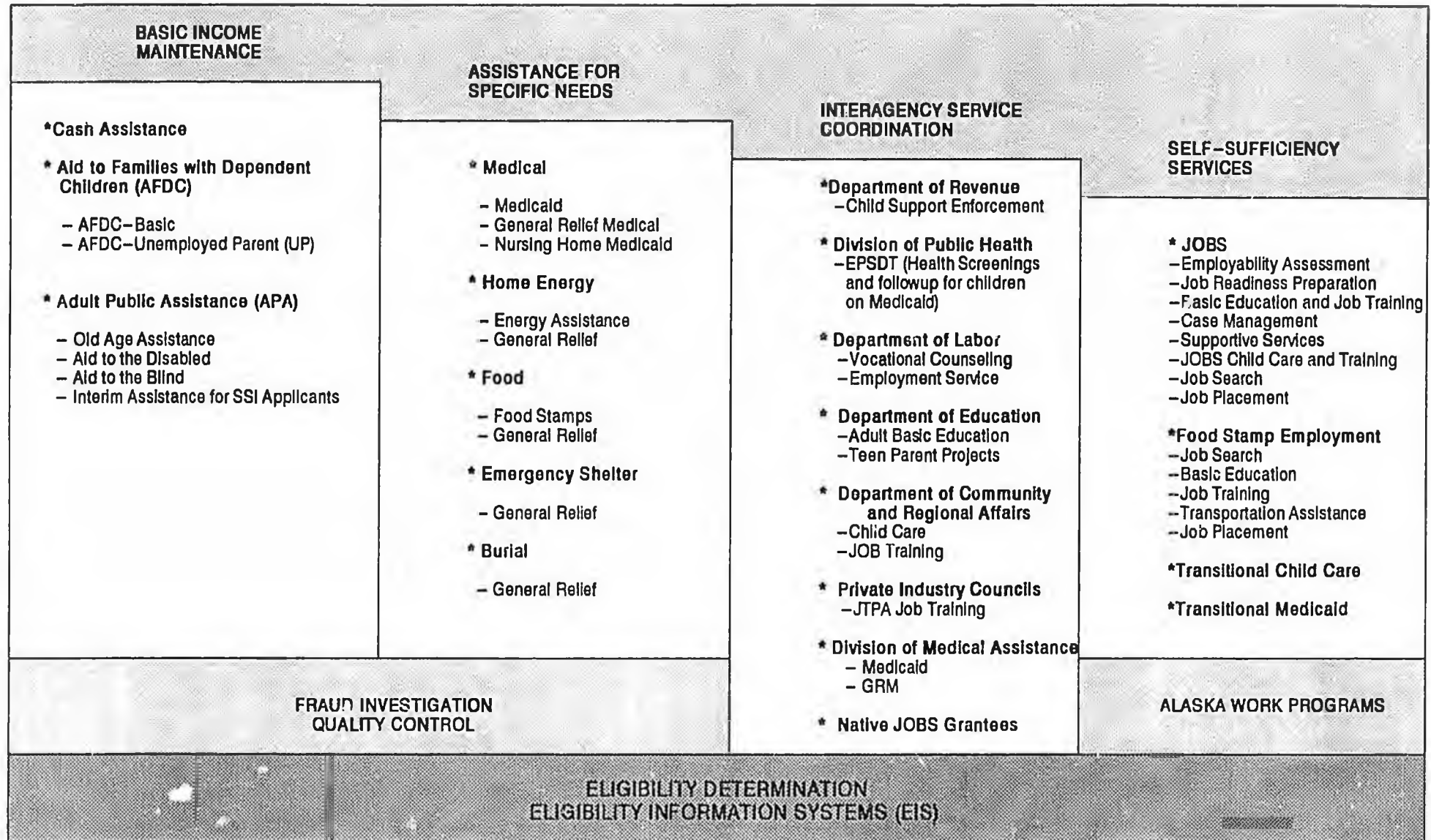
Theodore A. Mala, MD, MPH  
Commissioner

Jan L. Hansen, Director  
Division of Public Assistance



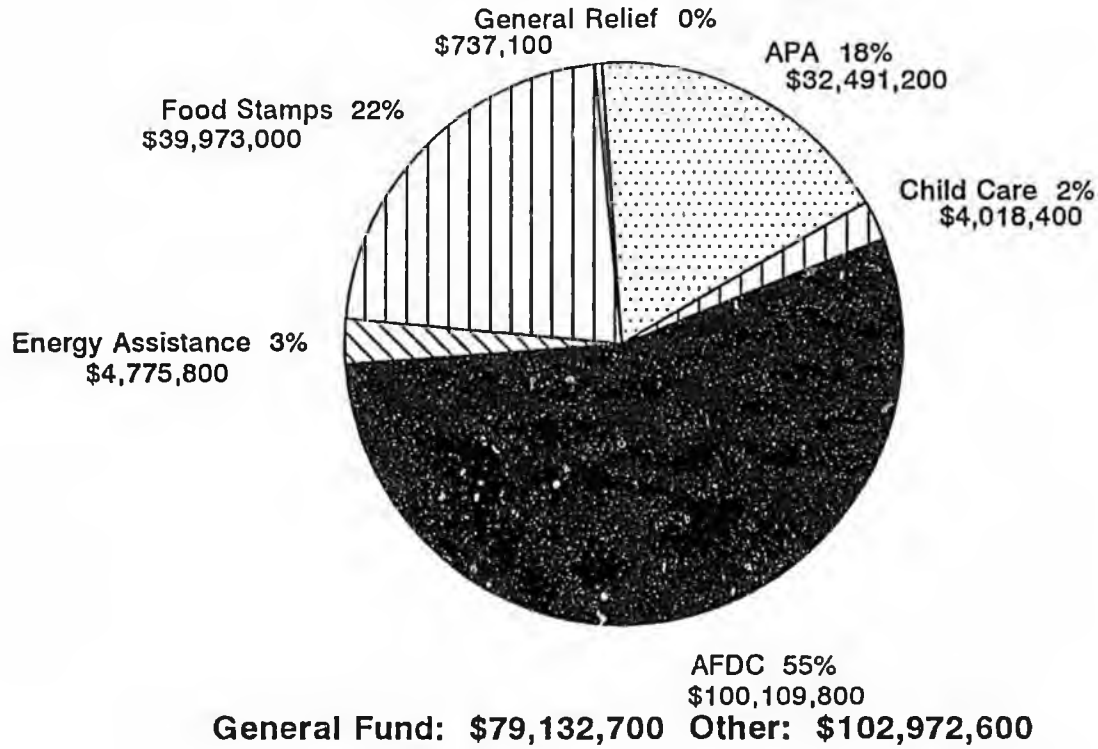
February 23, 1993

# DIVISION OF PUBLIC ASSISTANCE



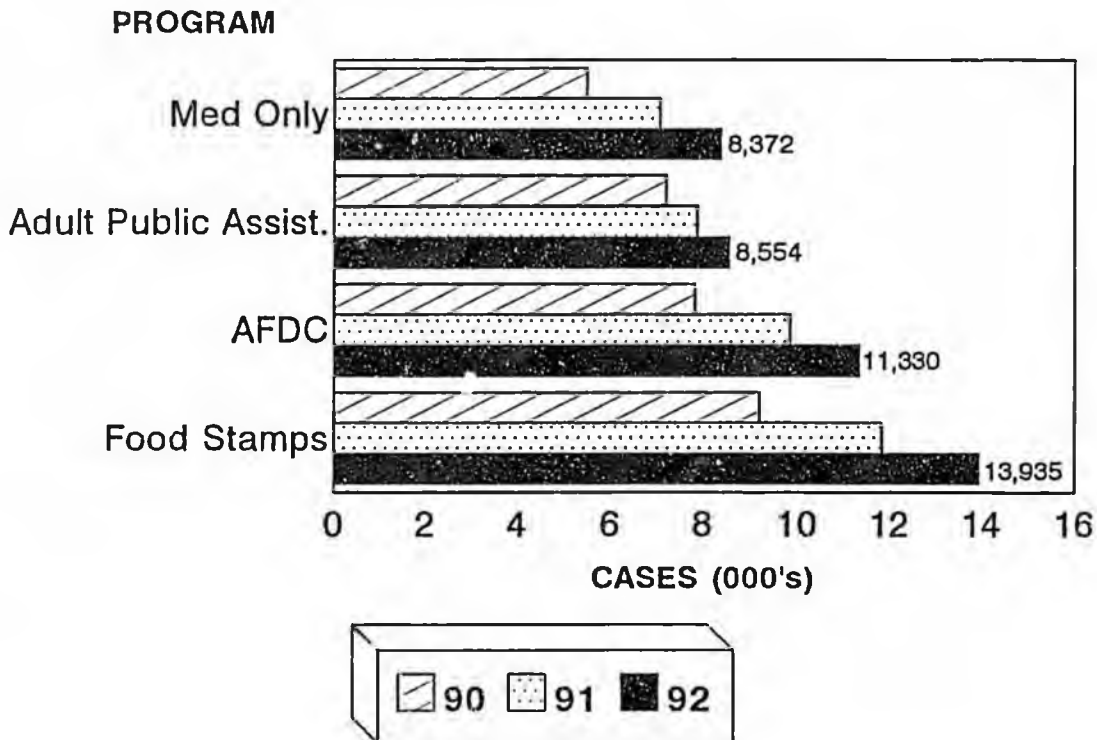
# FY 92 Program Expenditures

Total Benefits \$182,105,300



## Public Assistance Program Cases

Monthly Total  
October 90, 91, 92

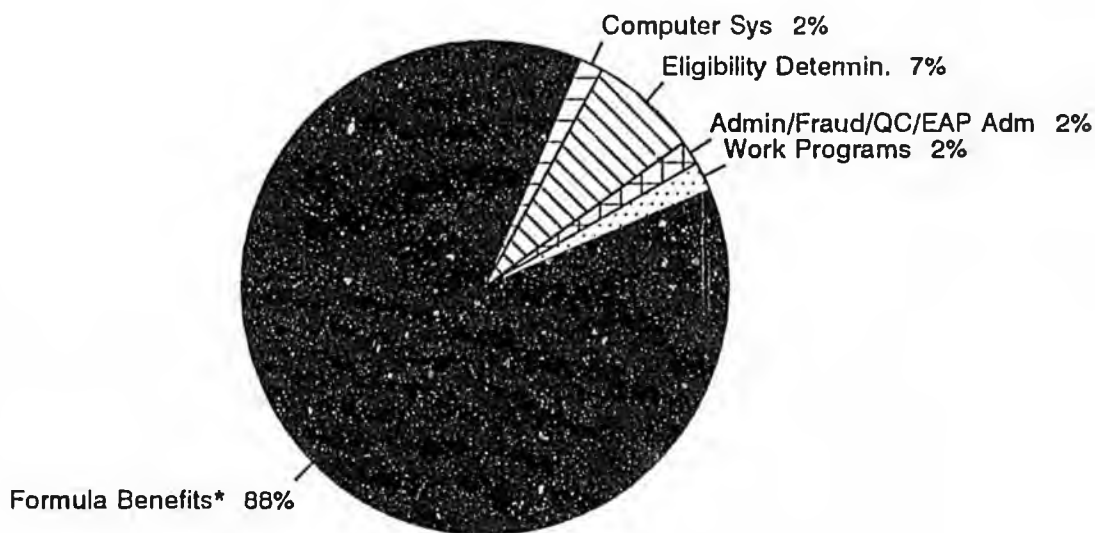


# FY 94 DPA Budget

## Program Benefits and Administration

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Total: \$262,616.6



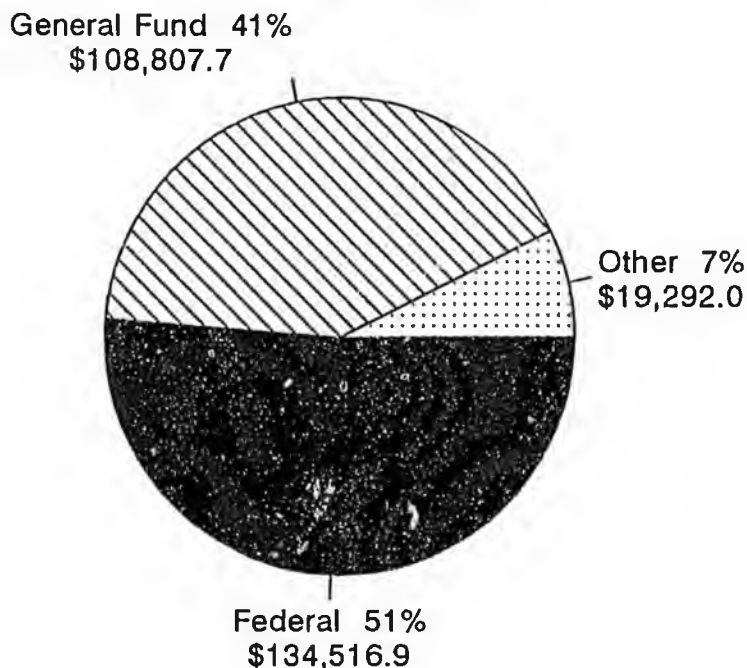
*\* Includes Cash Assistance, Food Stamps, Energy Assistance and Child Care Assistance*

## FY 94 DPA Funding Source

### Federal, General Fund, & Other

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Total: \$262,616.6



# DEPARTMENT OF HEALTH & SOCIAL SERVICES

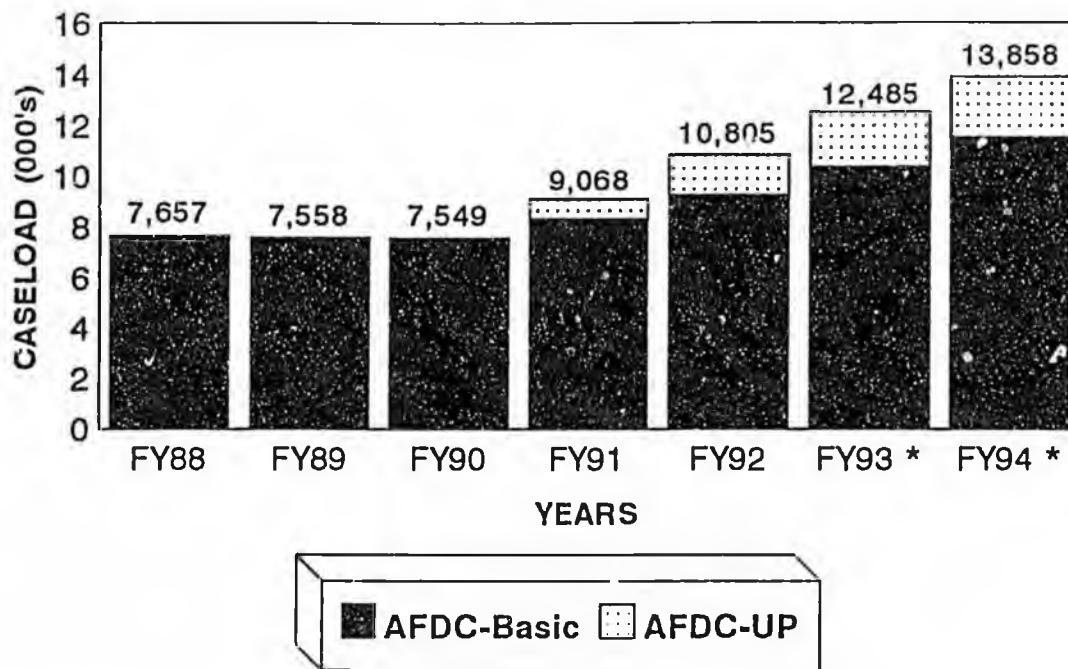
## Division of Public Assistance

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

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

# AFDC Program Average Caseload

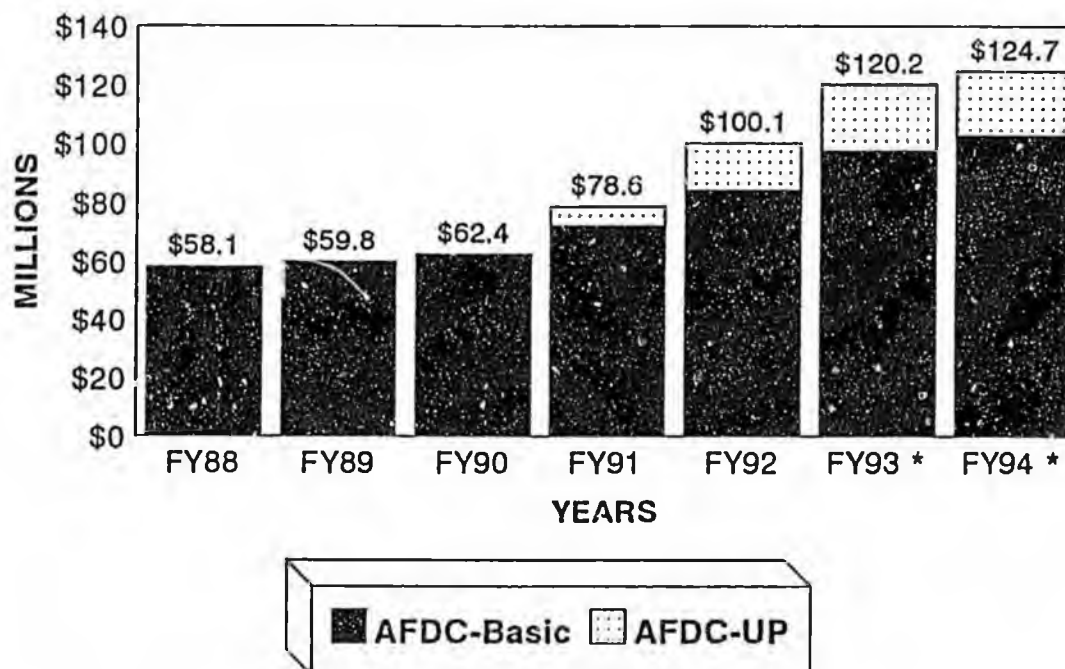
by Fiscal Year  
Fiscal Years 1988 to 1994



\* FY 93 and FY 94 are projected

# Total AFDC Program Expenditures

by Fiscal Year  
Fiscal Years 1988 to 1994



\* FY 93 and FY 94 are projected

## AFDC CASELOAD GROWTH

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

<u>Rank</u>	<u>State</u>	<u>July 1989 AF Cases</u>	<u>Sept 1992 Cases</u>	<u>Case Increase</u>	<u>Percent Change</u>
* 1	Florida	121.6	255.7	134.1	110.3%
* 2	N Hampshire	5.3	10.7	5.4	101.9%
* 3	Arizona	37.0	67.4	30.4	82.2%
* 4	N. Carolina	78.3	125.9	47.6	60.8%
* 5	Nevada	7.4	11.8	4.4	59.5%
* 8	Alaska	7.3	10.9	3.6	49.3%
18	California	604.7	826.5	221.8	36.7%
21	Oregon	30.6	40.7	10.1	33.0%
29	Washington	78.1	98.3	20.2	25.9%
30	Idaho	5.8	7.3	1.5	25.9%

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

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

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

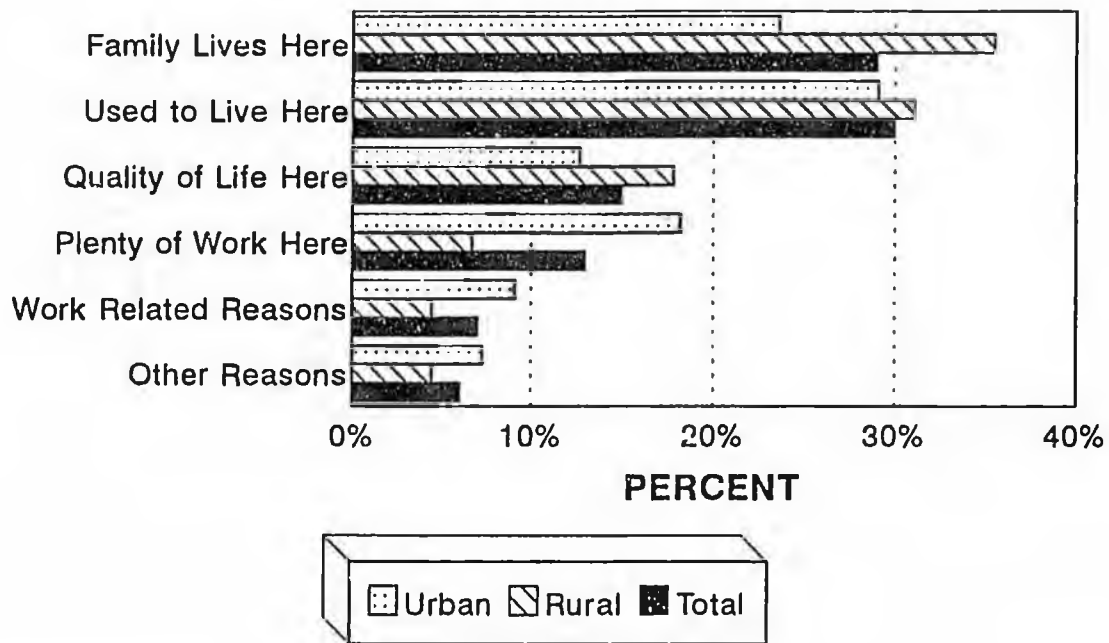
- The economic recession and high unemployment- in Alaska and the rest of the states.
- Population increases as lower 48 residents moved to Alaska in expectation of greater economic opportunity. The Exxon Valdez cleanup and large Permanent Fund dividends contributed to Outside perceptions about Alaska's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

#### OTHER FACTORS:

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

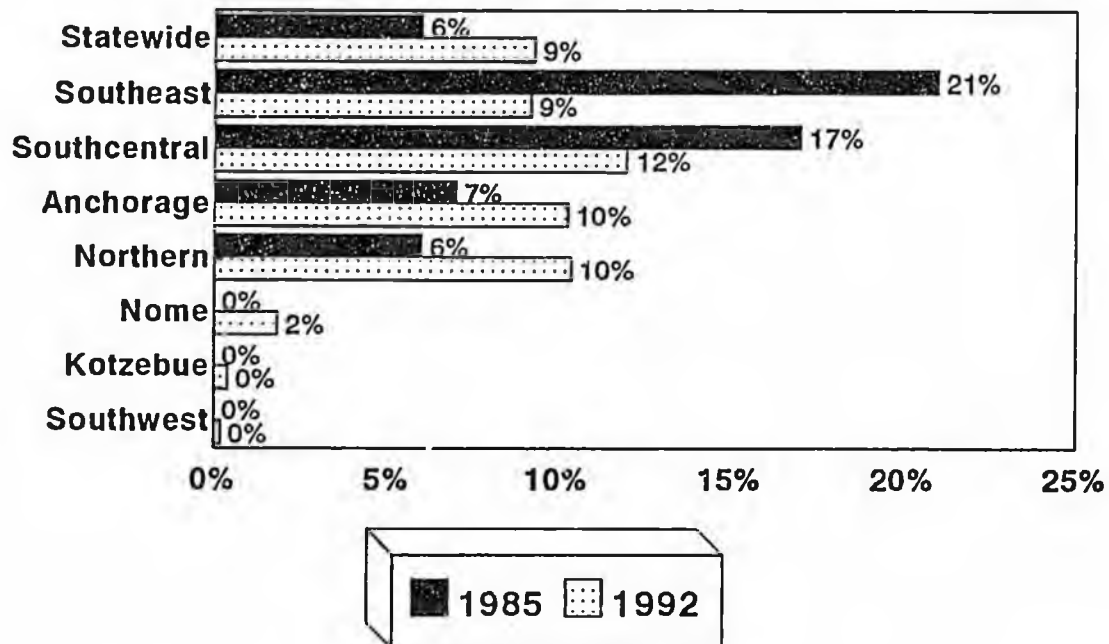
# Primary Reason for Moving to Alaska

Client Survey/Self-Sufficiency Project



Based on survey of 485 clients in August 1992

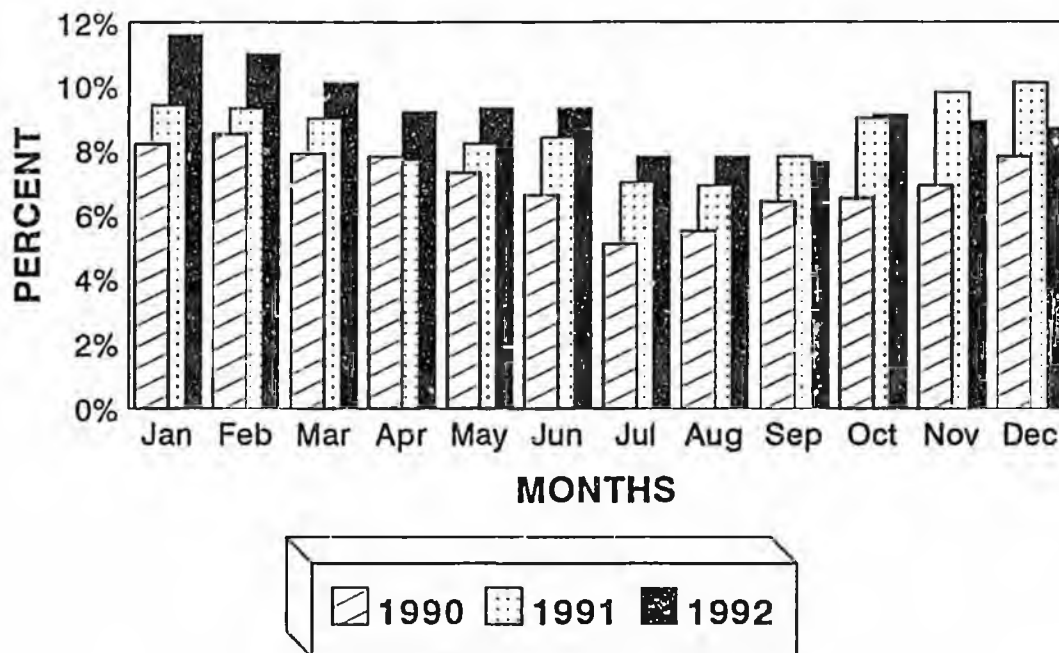
## Percent of AFDC Cases That are New Arrivals\* October 1985 vs October 1992



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

# Alaska Unemployment Rates

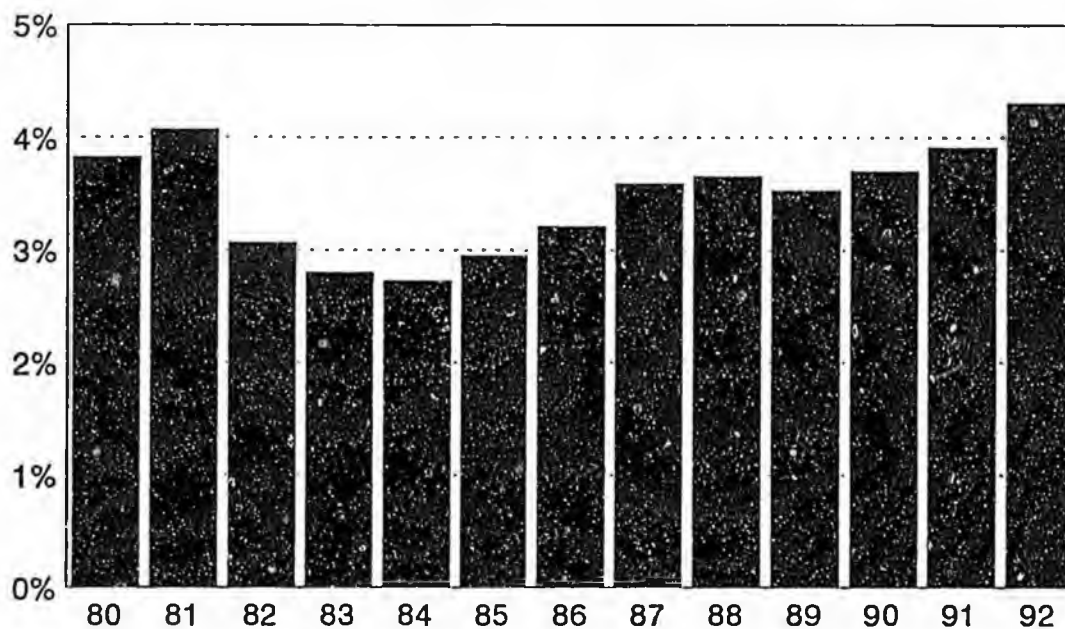
By Month  
1990 to 1992



Source: Alaska Department of Labor, Research and Analysis Section

## State of Alaska Comparison

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

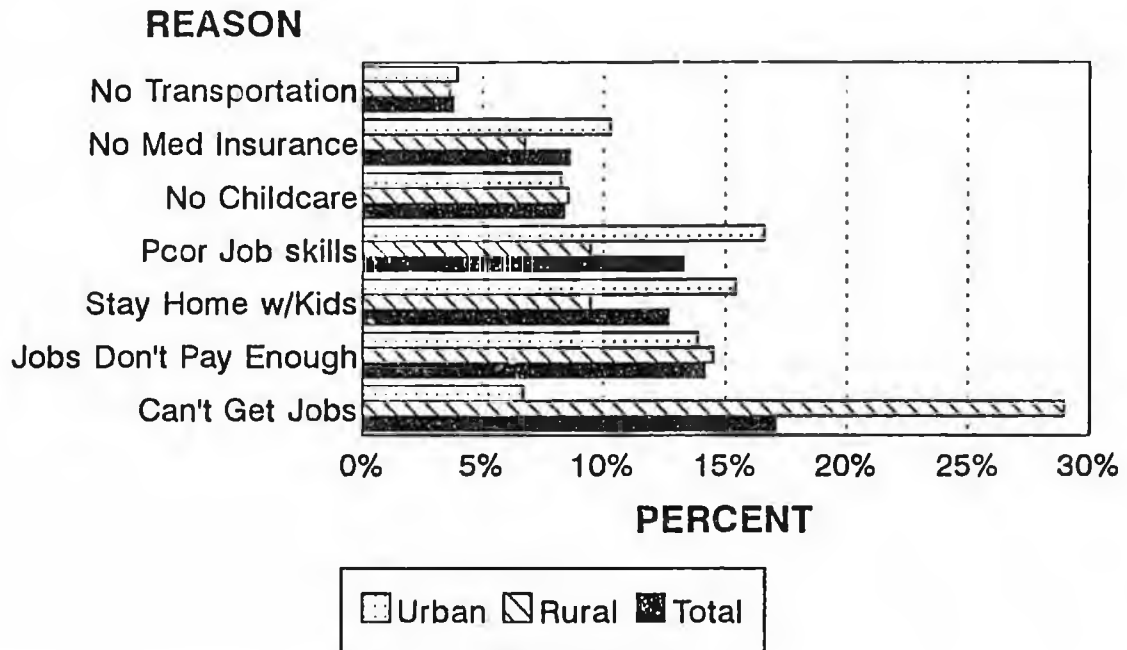


\* AFDC recipient and state population are as of July 1st each year.

# Primary Reason for Being on AFDC in Alaska

Client Survey/Self-Sufficiency Project

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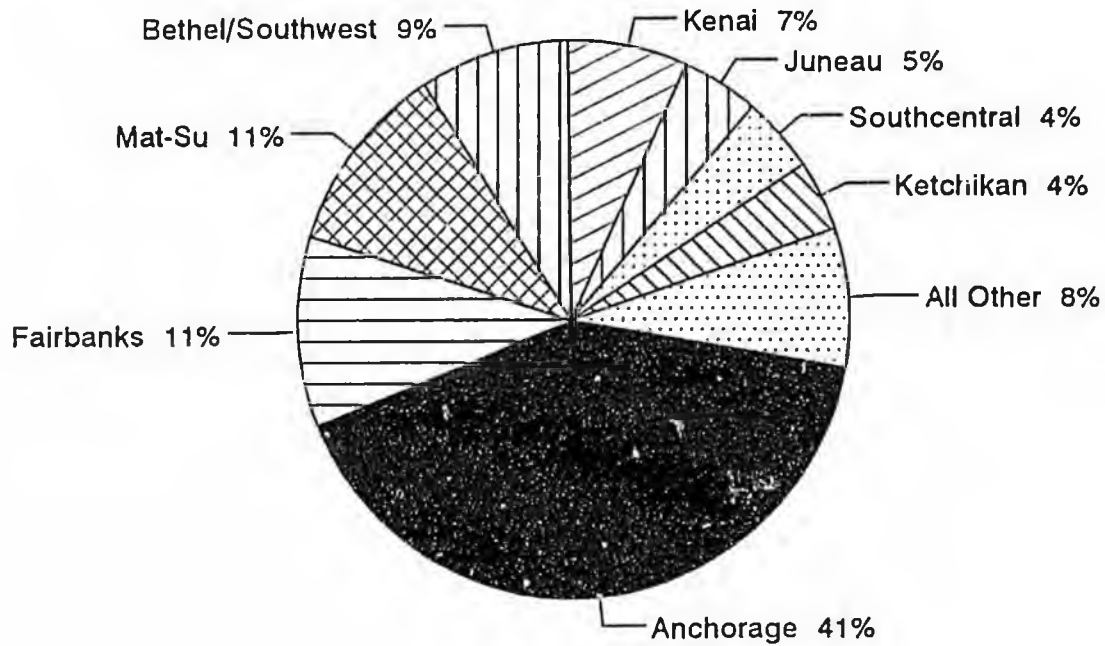


*Based on a survey of 485 clients conducted in August 1992*

# AFDC Cases by Location

October 1992

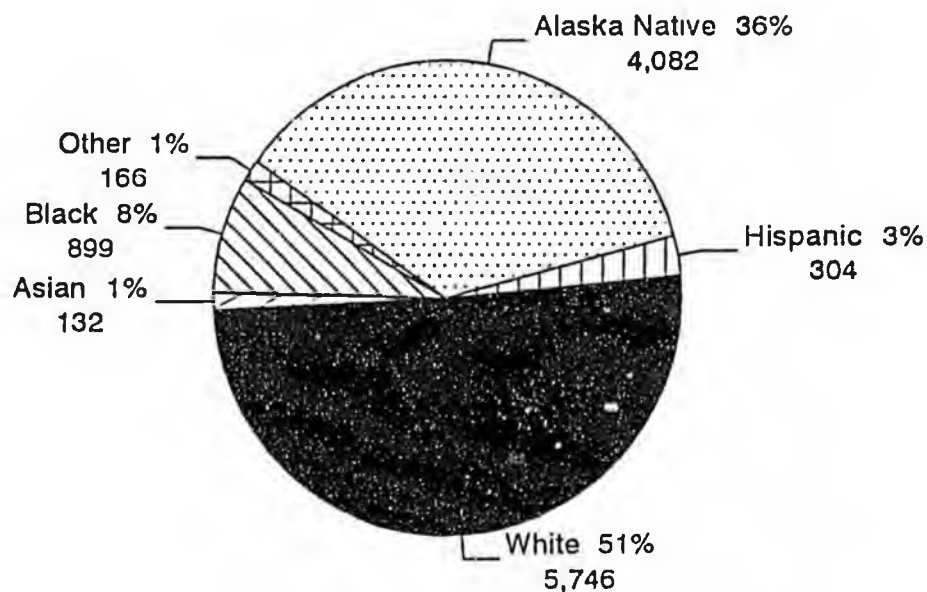
11,330 Cases Statewide



# AFDC Cases by Race

October 1992

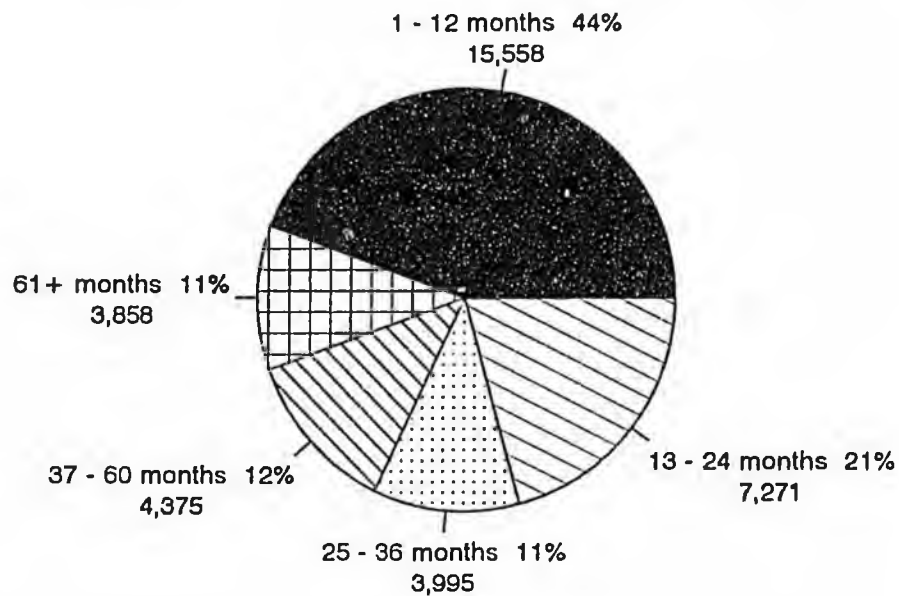
11,330 Cases Statewide



# Months of AFDC Participation

Open or Closed Cases  
as of January 1, 1993

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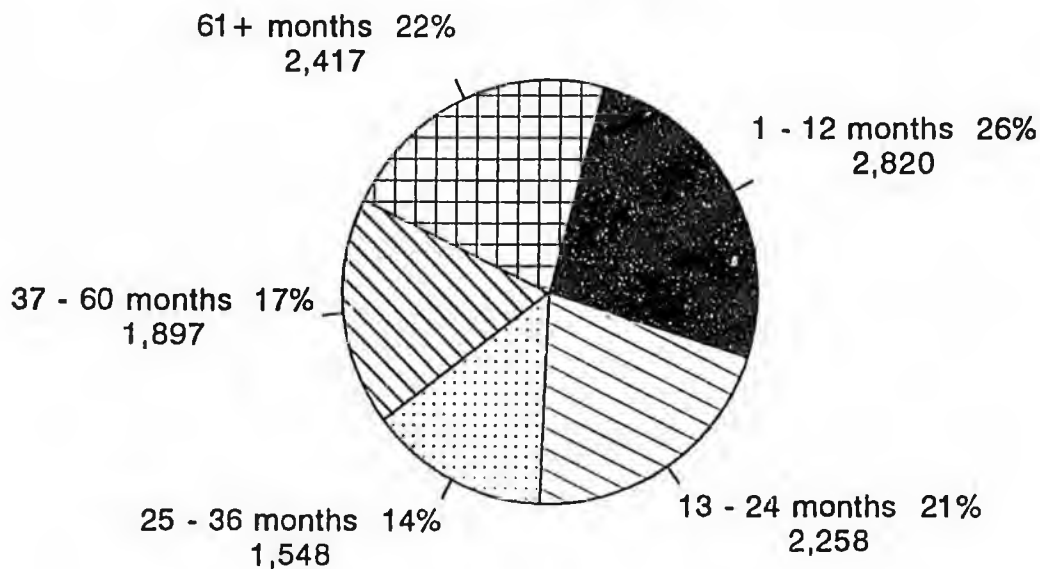


*Note: of the 35,057 AFDC families served since July 1984, 65% have participated for less than 24 months*

# Months of AFDC Participation

Current Open Cases  
as of January 1, 1993

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

DIVISION OF PUBLIC ASSISTANCE

AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)

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

**FY93 AFDC BUDGET SUMMARY**

FY93 AFDC INITIAL AUTHORIZATION \$111,795.4

1. Restore the reduction for the cost of the FY93 COLA because the COLA suspension in HB 573 did not pass last year's legislative session. 1729.4

2. Add 6677.6 for the cost of AFDC caseload growth that was not planned in the FY93 budget request. 6677.6

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

FY94 AFDC FULL FORMULA BUDGET \$137,401.4

Legislative changes in HB 67 needed to create savings:

1. Suspend AFDC COLA effective January 1, 1994  
13858 AFDC families x \$25.34 Avg payment x 6 months = (2,107.3)

2. Implement ratable reduction of AFDC payment to 1991 maximum levels.  
13858 AFDC families x \$51.72 Avg payment reduction x 12 months = (8,600.1)

3. Use the AFDC Basic Need Standard for AFDC—Unemployed Parent and AFDC—Incapacitated.  
2483 AFDC families x \$87.01 per month x 12 months = (1,944.4)

**TOTAL FY94 SAVINGS** **(\$12,651.8)**

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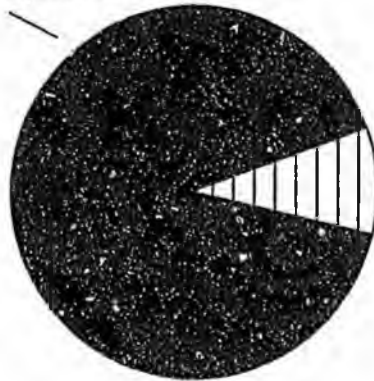
# FY 94 AFDC Budget Request

## Full Formula vs Reductions

\$137.4 FY 94 Full Formula

\$12.7 Total Reductions

AFDC Request 91%  
\$124.7



Total Reductions 8%  
\$12.7



Need Standard 16%  
\$2.0

Suspend COLA 17%  
\$2.1

Ratable Reduction 68%  
\$8.6

\$124.7 FY 94 AFDC Request

### Effects of HB67 on AFDC Payment Standards

PROGRAM	1/93 PYMT STD	1/94 PYMT STD W/O HB 67 + 3.0% COLA	1/94 PYMT STD WITH HB 67	% CHANGE FROM 1/93 PYMT STD	% CHANGE FROM PROJECTED 1/94 PYMT STD
<b>AFDC Basic</b>					
Adult/1 child	845	870	792	-6.3%	-9.0%
Adult/2 children	950	978	890	-6.3%	-9.0%
EACH ADDL	105	108	98	-6.6%	-9.3%
<b>AFDC-UP</b>					
2 Adults/1 child	1040	1070	890	-14.4%	-16.0%
2 Adults/2 children	1145	1178	988	-13.7%	-16.1%
EACH ADDL	105	108	98	-6.6%	-9.3%

ASSISTANCE PAYMENTS BRU  
FY94 AFDC PAYMENT LEVEL SUMMARY

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

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

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

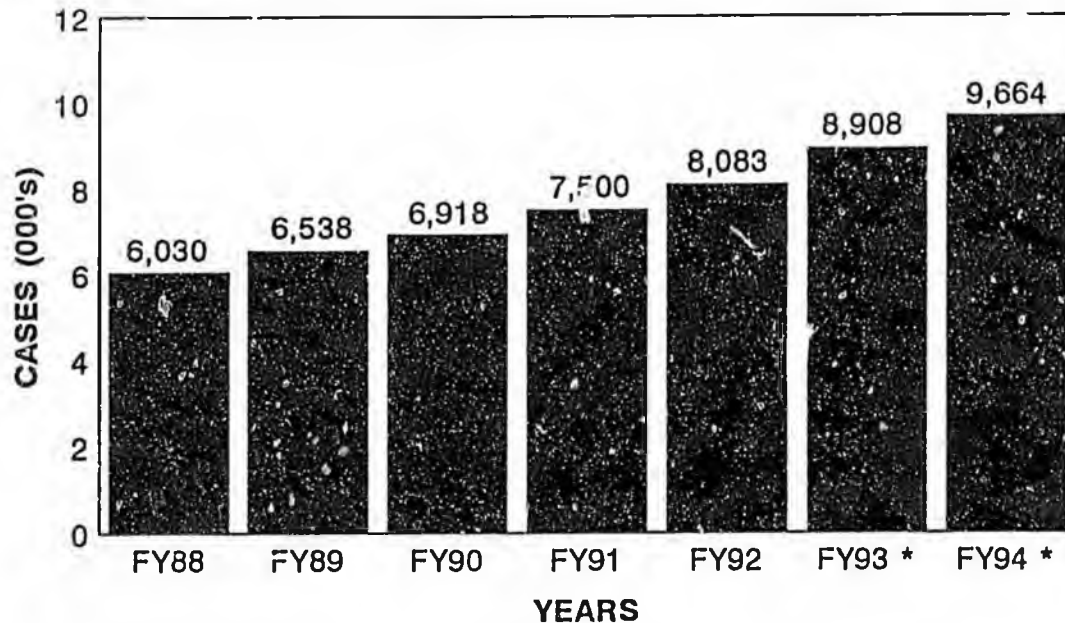
### **OLD AGE ASSISTANCE, AID TO THE BLIND, AND AID TO THE DISABLED**

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

# APA Program Average Caseload

by Fiscal Year

Fiscal Years 1988 to 1994

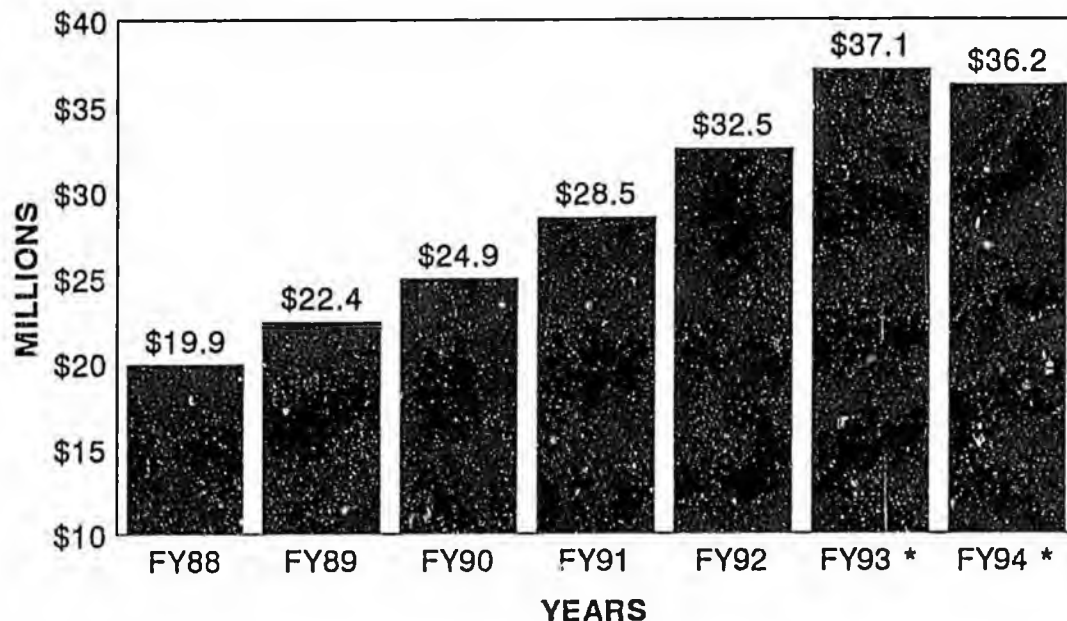


\* FY 93 and FY 94 are projected

# APA Program Expenditures

by Fiscal Year

Fiscal Years 1988 to 1994



Note: Includes OAA-ALBHH

\* FY 93 and FY 94 are projected

**DIVISION OF PUBLIC ASSISTANCE**

**ADULT PUBLIC ASSISTANCE (APA)**

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

**FY93 APA BUDGET SUMMARY**

FY93 APA INITIAL AUTHORIZATION \$33,649.9

- 1. Restore the reduction for the cost of the FY93 COLA because the COLA suspension in HB 573 did not pass last year's legislative session. 535.7
- 2. Replace 434.0 federal funding with general fund for Interim Assistance reimbursement that can not be achieved because authorizing legislation in HB 573 did not pass. (434.0) Federal + 434.0 GF 0.0
- 3. Add 701.4 for the cost of APA caseload growth that was not planned in the FY93 budget request. 701.4

**FY93 APA BUDGET WITH SUPPLEMENTAL \$34,887.0**

**FY94 APA BUDGET SUMMARY**

FY94 APA FULL FORMULA BUDGET \$38,918.6

Legislative changes in HB 67 needed to create savings:

- 1. Suspend APA COLA effective January 1, 1994  
9207 APA clients(Interim Assistance cases excluded) x \$11.00 Avg pay reduction x 6 mos = (607.7)
- 2. Implement ratable reduction of APA payment to 1990 maximum levels.  
9207 APA clients(Interim Assistance cases excluded) x \$36.67 Avg pay reduction x 12 mos = (4,051.9)
- 3. Enact Interim Assistance reimbursement & eliminate retroactive APA payments to Interim Assistance recipients after SSI application. (434.0 Federal replace GF In FY94 base) 0.0

Regulation change required to implement:

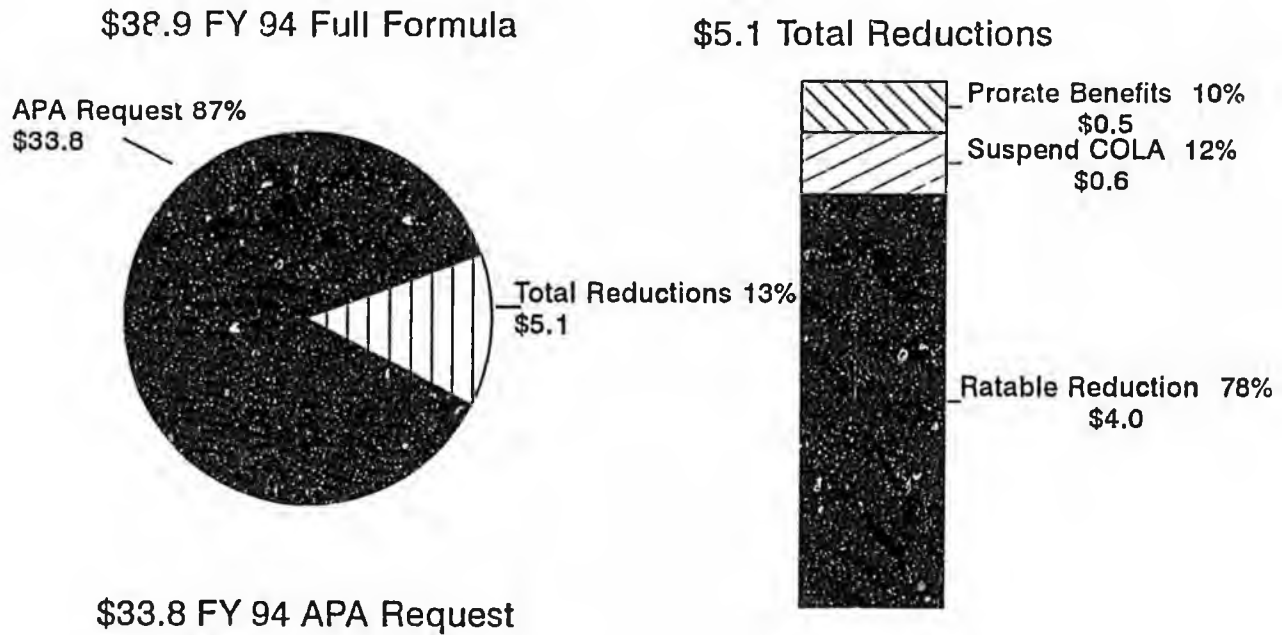
- 4. Prorate APA initial months benefits (475.2)

**TOTAL FY94 SAVINGS (\$5,134.8)**

**FY94 ADULT PUBLIC ASSISTANCE (APA) REQUEST \$33,783.8**

# FY 94 APA Budget Request

## Full Formula vs Reductions



**Effects of HB67 on APA Payment standards**

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

P2apa

ASSISTANCE PAYMENTS BRU  
FY94 APA PAYMENT LEVEL SUMMARY

	FY94 Formula	FY94 AT 1993 level (No COLA)	FY94 AT 1992 level	FY94 AT 1991 level	FY94 AT 1990 level
Cummulative Percent REDUCTION	None	3 1%	5.7%	9.2%	13.8%
<b>APA CASELOAD</b>					
Aid to Disabled	5438	5438	5438	5438	5438
Aid to Blind	89	89	89	89	89
Old Age Assistance	4137	4137	4137	4137	4137
<b>AVG. Monthly Cases</b>	<b>9664</b>	<b>9664</b>	<b>9664</b>	<b>9664</b>	<b>9664</b>
<b>APA FY EXPENDITURE</b>					
<b>TOTAL EXPENDITURE</b>	<b>38,918.6</b>	<b>38,311.0</b>	<b>37,337.1</b>	<b>35,020.8</b>	<b>34,259.0</b>
APA reduction COLA/Ratable		607.7	973.9	2290.1	4051.9
APA GF REDUCTION		572.2	917.1	2156.5	3815.6
<b>TOTAL SAVINGS</b>	<b>0</b>	<b>607.7</b>	<b>1,581.6</b>	<b>2,897.8</b>	<b>4,659.6</b>
<b>GF SAVINGS</b>	<b>0</b>	<b>572.2</b>	<b>1,489.3</b>	<b>2,728.8</b>	<b>4,387.8</b>
<b>POVERTY GUIDELINE</b> (Estimated as of JAN. 1, 1994)					
Household size 1	\$751	\$751	\$751	\$751	\$751
<b>APA MAX PAYMENT</b>					
Household size 1					
SSI Payment	\$447	\$447	\$447	\$447	\$447
State APA Payment	385	374	362	349	331
<b>TOTAL SSI and APA</b>	<b>\$832</b>	<b>\$821</b>	<b>\$809</b>	<b>\$796</b>	<b>\$778</b>
<b>APA MAX VS. GUIDELINE</b>					
Household size 1	111%	109%	108%	106%	104%
<b>REDUCTION FROM FULL FORMULA</b> (as of JAN. 1, 1994)					
APA Client	\$0	(\$11)	(\$23)	(\$36)	(\$54)
<b>REDUCTION FROM CURRENT LEVEL</b>					
APA Client		\$0	(\$12)	(\$25)	(\$43)

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

DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DIVISION OF PUBLIC ASSISTANCE

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

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

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

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

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

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

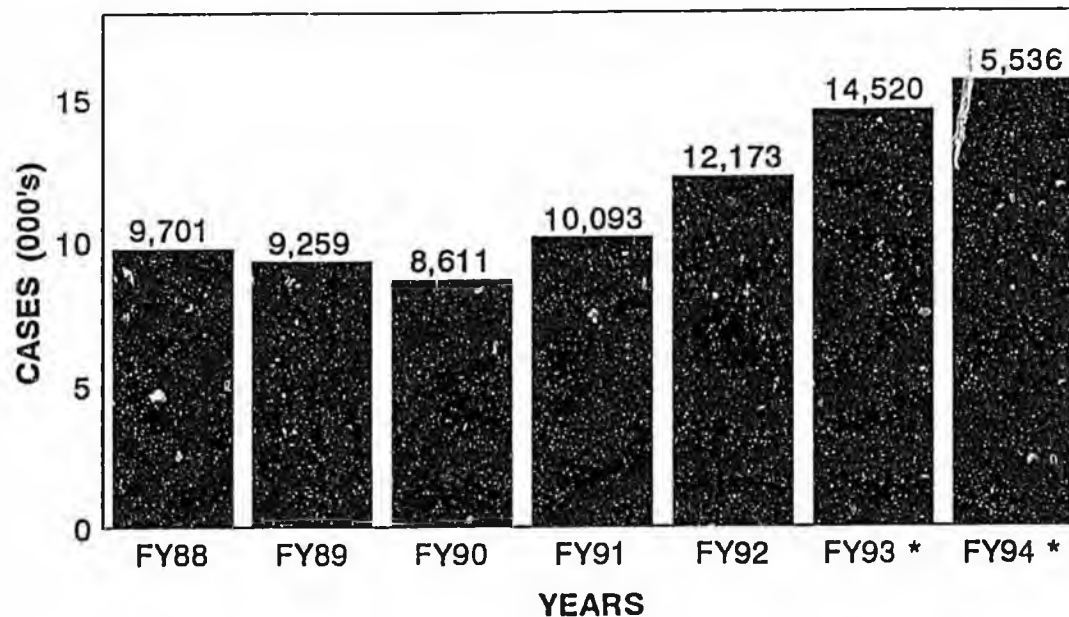
## FOOD STAMPS

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

# Food Stamp Average Caseload

by Fiscal Year

Fiscal Years 1988 to 1994

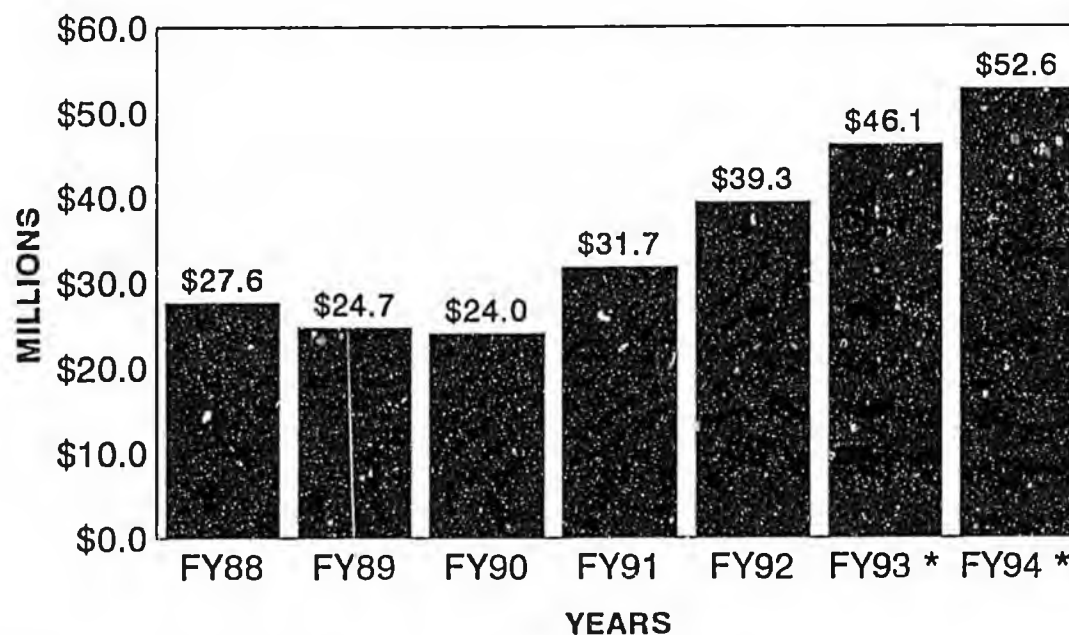


\* FY 93 and FY 94 are projected

# Food Stamp Program Benefits

by Fiscal Year

Fiscal Years 1988 to 1994



\* FY 93 and FY 94 are projected

## JOB OPPORTUNITIES AND BASIC SKILLS

### PROGRAM GOAL

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

### TARGET GROUPS

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

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

### SERVICES

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

### CLIENT BARRIERS TO SUCCESSFUL EMPLOYMENT AND TRAINING

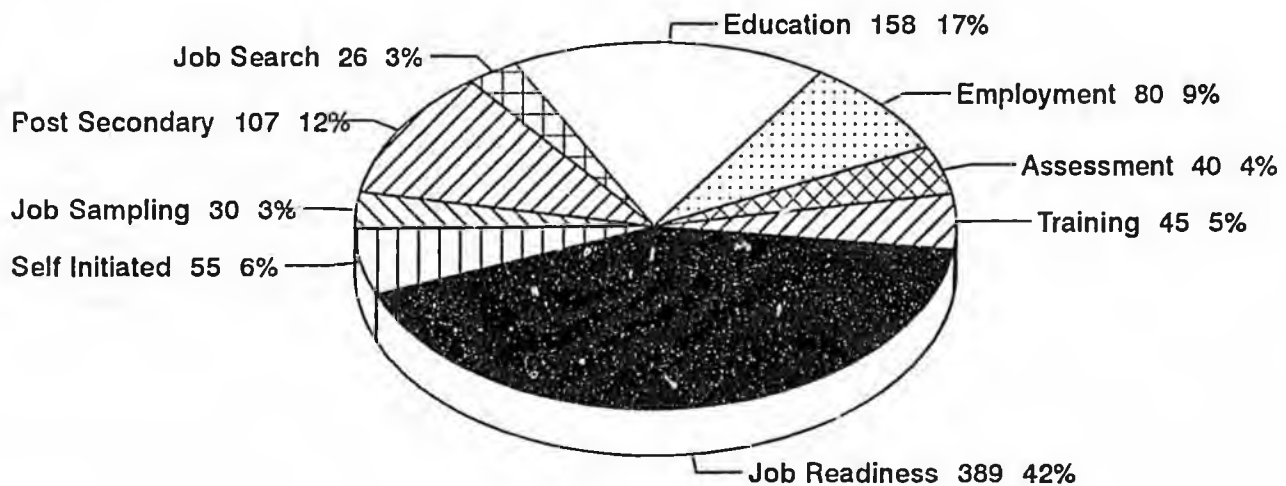
- Child Care
- Transportation
- Basic Life Skills
- Workplace Skills
- Learning Disabilities
- Substance Abuse
- Mental Health Problems
  - Low Self-Esteem
  - Depression
- Domestic Violence
- Criminal History
- Financial Problems

# JOBS Participants

By Components/Activities

December 1992

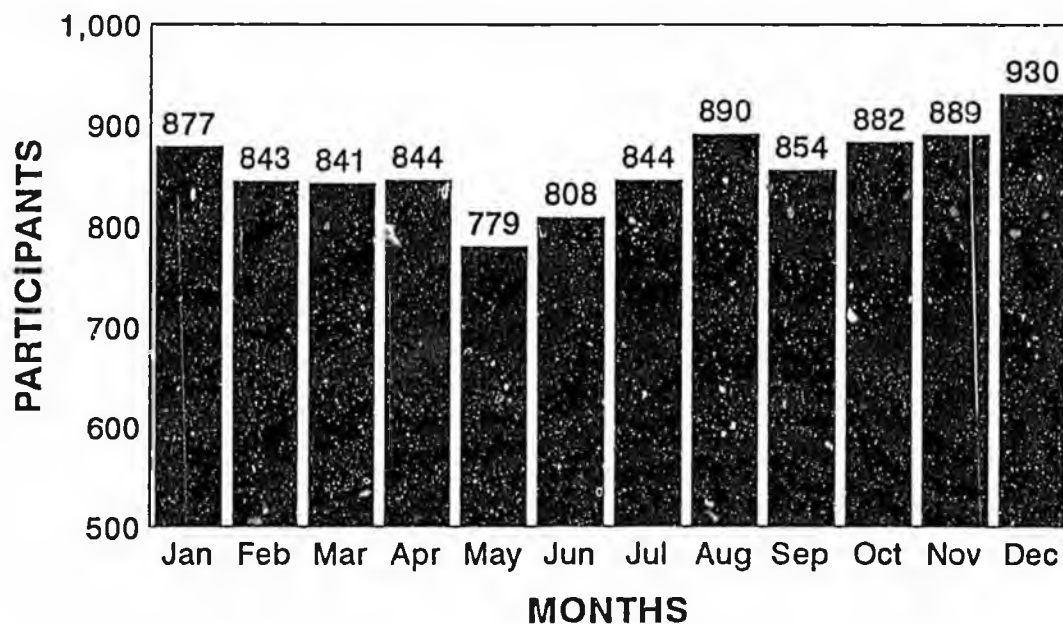
## 930 Total Participants



# JOBS Caseload Report

Year to Date

1992



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

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

\*Federal Share Only

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

**ELIGIBILITY DETERMINATION  
Field Staff and Work**

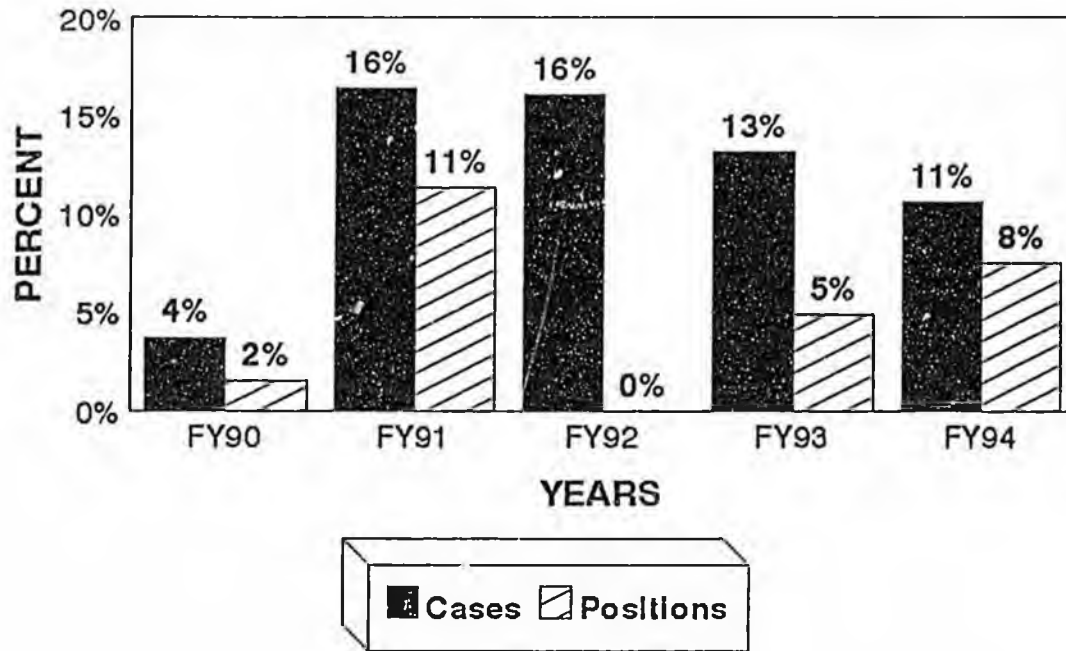
Formula Program	Total Benefits FY93	Open Cases 11/92	Apps Per Month	HH SZ	1/1/93 Maximum Benefit Urban
Aid to Families With Dependent Children (AFDC)	\$120,202,400	11,361	1,299	3	\$950/mo
Food Stamps	\$ 46,100,000	14,156	2,376	3	\$376/mo
Adult Public Assistance	\$ 37,081,500	8,558	419	1	\$808/mo
General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

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

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

# Annual Increase

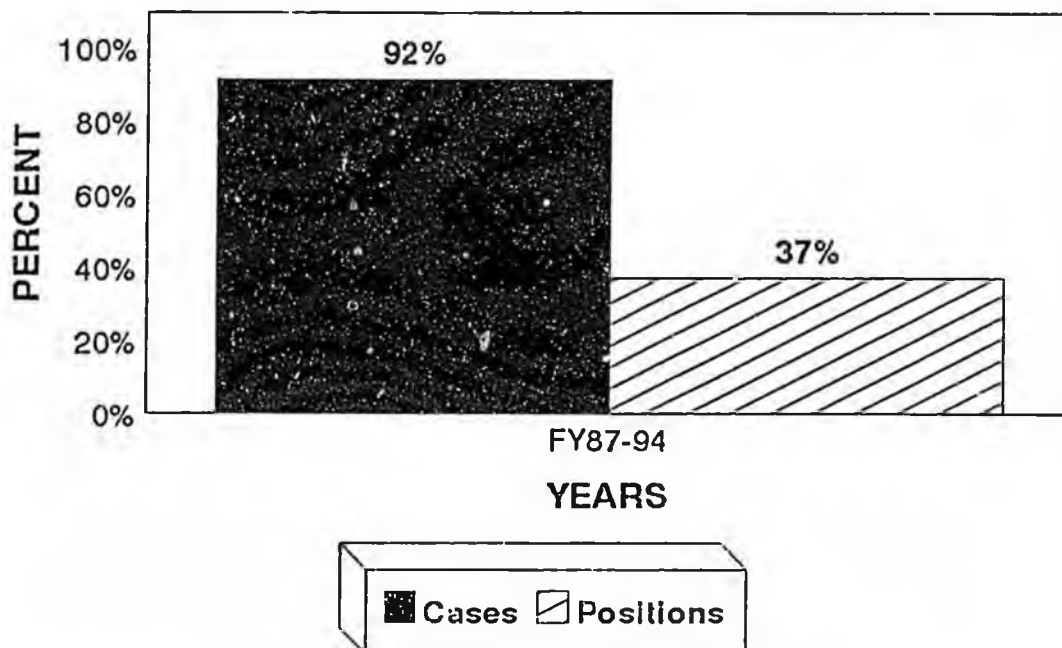
Program Cases vs Field Positions  
FY 90 to FY 94\*



\*FY 94 is projected

# Percent Change

Program Cases vs Field Positions  
FY87 to FY94\*

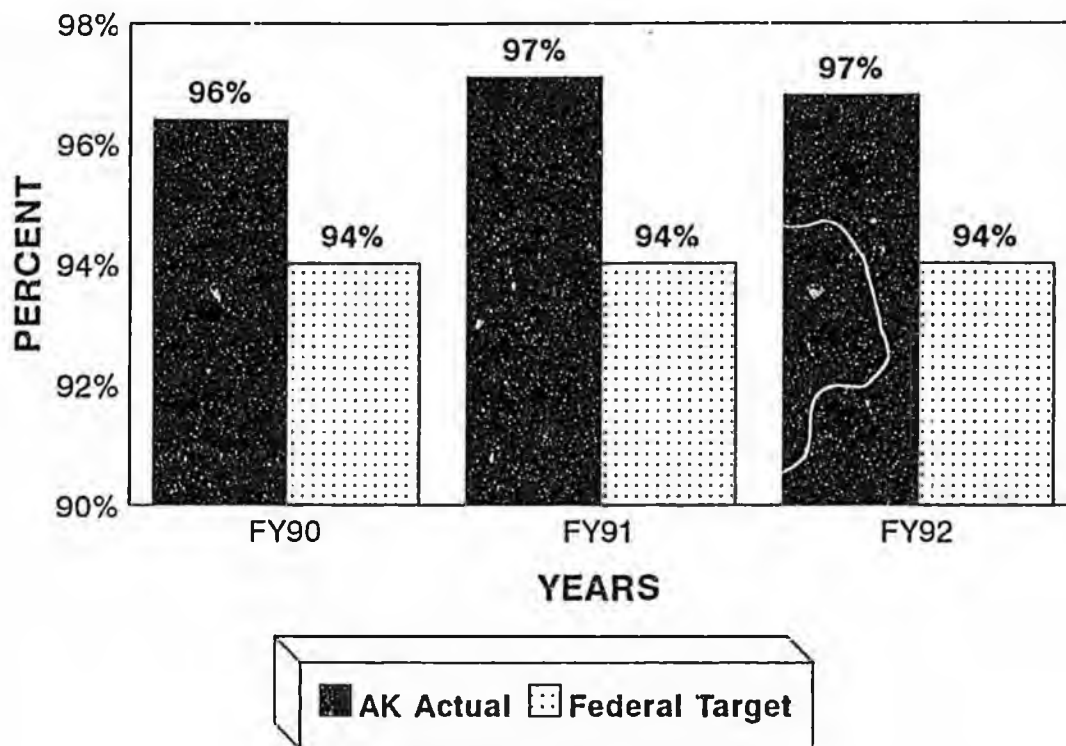


\*FY94 is projected

# AFDC Accuracy Rate

Federal Target vs State Actuals

FY 90 to FY 92



## AFDC

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

## FS

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

## Medicaid

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