

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 5

SHORT TITLE: Public Assistance Responsibility

SPONSOR(S): Rep. Berry

FISCAL IMPACT: Expenditures: Increase (X) Decrease (X)
Revenues: Increase () Decrease ()
No Impact ()
No Estimate Available ()

FUND AFFECTED: General Fund (X) Highway Fund () Local Fund (X)
Other Funds ()

BILL SUMMARY:

This legislation establishes the Public Assistance Personal and Family Responsibility Act of 1995 with the following provisions:

108A-26.5. Reducing illegitimacy; county block grants.

Provides (i) that welfare reform should move people from welfare dependency to self-sufficiency; (ii) that the negative consequences of out-of-wedlock births are a major cause of the welfare system's failure to move families toward self-sufficiency; and, (iii) that the safety and welfare of society is threatened by this failure.

Provides that assistance to parents who give birth to out-of-wedlock children and those children born out-of-wedlock shall be limited to (i) Medicaid and WIC for the parent, and (ii) Food Stamps, Medicaid and WIC for the children.

Provides that the limitations do not apply if (i) birth is the result of rape or incest; (ii) the parent marries an individual who acknowledges paternity or assumes financial responsibility for the child; or, (iii) the child is adopted or placed in foster care or a residential care facility.

Provides that DHR shall ensure that all available funds, that otherwise would have been used to provide full benefits to parents who give birth out-of-wedlock and to those children, are allocated to the counties in block grants solely to provide services to those recipients whose benefits are limited.

Provides that block grants shall be allocated based on the county's 'illegitimacy ratio', which shall be determined by the number of out-of-wedlock births in each county for a fiscal year divided by the

total number of out-of-wedlock births in the State, beginning with fiscal year 95-96; Increases in grant awards may be given for reducing the 'illegitimacy ratio' beginning 98-99.

§108A-26.6. Family cap limitation.

Provides that no increases in AFDC assistance, other than general increases provided to all recipients, shall be available to recipient families for additional dependent children born ten months after the effective date of the section.

Provides that recipient families, who reapply for assistance after a discontinuance, shall not include additional children in the family size for the purpose of determining the amount of assistance unless the period of discontinuance was for 24 months or more.

Provides that the limitations do not apply if (i) birth is the result of rape or incest; or, (ii) birth is the result of the failure of medically verifiable birth control device.

§108A-26.7. Limited benefits for minor parents.

Provides that no assistance shall be provided to or on the behalf of any minor parent or any expectant minor unless the minor resides with a parent, guardian or other adult relative, or in a foster home, a maternity home or residential care facility.

Provides that the limitation shall not apply if (i) there is reason to believe the minor or the minor's child will be abused; (ii) the local DSS determines there are other health or safety reasons why the minor cannot reside at home, including being forced out of the home; (iii) the minor has no living parent or guardian or the whereabouts of such parent or guardian is unknown; or (iv) federal law or regulation prohibits such constraints.

§108A-26.8. Child support; parent's financial responsibility.

Provides that DHR shall ensure the enforcement of all laws and procedures for establishing paternity and support of parents receiving public assistance until all children are 18 years old.

Provides that DHR shall ensure that working minor noncustodial parents comply with all child support withholding procedures.

Provides that the counties may contract with any public or private entity to collect child support.

Provides that child support collected on behalf of children born out-of-wedlock or children born subject to the family cap limitation shall be treated in the same manner as non-AFDC child support cases.

§108A-26.9. Nonsupport work incentive program.

Provides that the Department of Crime Control shall assist in the implementation of nonsupport work incentive programs across the State; the programs shall provide unemployed noncustodial parents with child support arrearage with an alternative to incarceration for nonsupport through community service work.

§108A-26.10. Learnfare; Healthfare.

Provides that DHR shall ensure that AFDC recipient families act responsibly in raising their children by seeing that (i) the children attend school 80% of time, if they are required to attend school pursuant to the Compulsory Attendance Law, and (ii) the children receive all required immunizations.

Provides that the family's AFDC assistance shall be reduced by \$50.00 each month that the children do not attend school at least 80% of the time and by \$50.00 each month that the children are not properly immunized.

Provides that any custodial parent of an out-of-wedlock child, who is not a high school graduate, shall complete high school or an adult basic education program unless the requirement is waived by the local DSS; a functionally illiterate recipient shall participate in a literacy program unless the requirement is waived; failure to complete educational requirement shall result in the custodial parent being eligible for Medicaid and WIC only.

§108A-26.11. Benefits included as income.

Provides that 100% of the monthly food stamp and housing subsidy for which the assistance unit qualifies is counted as income for the purpose of determining AFDC eligibility.

§108A-26.12. Other household resources.

Provides that the income of a person living with a recipient family as a 'substitute parent' or the 'man-of-the-house' shall be treated as a resource for the purpose of determining AFDC eligibility.

§108A-26.13. Elimination of disincentives.

Provides that the value of one vehicle and the value of equipment used by a self-employed person in a business shall be exempt from the assistance unit's eligibility resource limits.

Provides for the elimination of the '100-hour rule' and the 'employment history' requirement for AFDC-Unemployed Parent Program.

§108A-26.14. Individual Development Accounts.

Provides for the establishment of Individual Development Accounts which allow savings to be used for (i) education or training programs; (ii) enhancement of employment or self-employment opportunities; (iii) home purchase; (iv) relocation of family residence; or, (v) acquisition of health, disability or long-term care insurance.

Provides that an assistance unit may accumulate and retain up to \$10,000 in the IDA without losing eligibility for full benefits; allows DHR to not count nonrecurring lump sums as income and disregard the first three months of net earned income if placed in the IDA.

Provides that the restrictions of the use of IDA funds shall continue after the recipient has left public assistance and allows any assets in an IDA to be disregarded in determining any future eligibility for public assistance.

§108A-26.15. Time limits on AFDC benefits; transitional benefits

Provides that AFDC assistance shall be limited to two years for any recipient required to participate in an employment program, however, the two-year limit begins at age 18 for minors receiving assistance; the two year limit applies to benefits received consecutively or nonconsecutively; and, recipients may not reapply for three years after the limit is exhausted.

Provides that transitional child care and Medicaid is available to a recipient for 24 months if the recipient is employed on or before the end of the two-year limit.

Provides that the two-year limit may be extended if the local DSS determines an extension will assist the recipient's ability to leave public assistance for paid employment; however, child care and Medicaid benefits received during the extension count toward the transitional benefits that would be available for 24 months if the recipient was employed.

Provides that no recipient required to participate in an employment program shall be eligible for assistance for more than a cumulative 60 month period.

§108A-26.16. Diversionary assistance.

Provides that DHR shall ensure that diversionary assistance is provided to person with short-term assistance needs that will be diverted from continuing assistance if the diversion assistance is provided.

Provides that diversionary assistance may equal the maximum amount of AFDC cash assistance the recipient would be eligible to receive for

three months, however, the actual grant shall be determined by the caseworker and the recipient.

Provides that diversionary assistance is available only once in a 60 month period; diversionary assistance will be prorated and subtracted from a regular AFDC grant if the recipient begins receiving ongoing assistance within three months; and diversionary assistance shall not be counted as income for the purpose of determining food stamp eligibility.

§108A-26.17. Drug and alcohol treatment required; drug testing for welfare recipients.

Provides that applicants or recipients addicted to drugs or alcohol shall enter agreements to participate in the appropriate addiction treatment programs and to submit to random drug testing for the presence of alcohol or drugs as a part of such treatment.

Provides that applicants or recipients who fail to comply with these requirements shall not be eligible for benefits or have benefits terminated; the parent's failure shall not affect the children's eligibility for benefits; payments on behalf of the children shall be made to protective payees.

Provides that an applicant or recipient shall not be deemed ineligible or have benefits terminated if appropriate addiction treatment facilities are unavailable.

§108A-26.18. Felons; parole or probation violators.

Provides that any recipient found guilty of a felony or found in violation of parole or probation is ineligible for benefits and the benefits shall be terminated until such time that the conditions of the conviction, parole or probation is satisfied; the parent's ineligibility shall not affect the children's eligibility for benefits; payments on behalf of the children shall be made to protective payees.

§108A-26.19. Notification of eligibility limitations.

Provides that DHR shall ensure that notice of all eligibility limitations is given to all applicants for assistance at the time of application; requires comprehensive program of public service announcements and printed materials to publicize the limitations.

The preceding new statutory provisions would become effective on July 1, 1996. If waivers are required from the federal government, the provisions become effective on the first day of the second calendar month after the waiver is accepted and applies to benefits provided on or after that date.

HB 5 requires DHR to apply for all necessary waiver from the federal government to implement any provision of the Public Assistance Personal and Family Responsibility Act of 1995.

HB 5 would also re-establish the Legislative Study Commission on Welfare Reform.

EFFECTIVE DATE: July 1, 1995

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:

Department of Human Resources
 Division of Social Services
 Division of Medical Assistance
County Departments of Social Services
Department of Public Instruction
Department of Environment, Health, and Natural Resources
Department of Crime Control and Public Safety
State Banking Commission
Administrative Office of the Courts
Department of Correction
 Division of Adult Probation and Parole
N. C. General Assembly
Department of Community Colleges

FISCAL IMPACT

(IN MILLIONS)

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	
	<u>FY</u>				
	1995-96	1996-97	1997-98	1998-99	
	1999-00				
TOTAL					
EXPENDITURES	\$.51	(\$158.95)	(\$119.44)	(\$115.16)	(\$118.15)
STATE FUNDS	\$.34	(\$ 13.41)	(\$.79)	(\$ 1.32)	(\$
3.11) LOCAL FUNDS	-0-	(\$ 30.92)	(\$ 29.99)	(\$ 29.07)	(\$ 29.40)
FEDERAL FUNDS	\$.17	(\$114.62)	(\$ 88.66)	(\$ 84.77)	(\$ 85.64)
POSITIONS:	-0-	(100)	(100)	(89)	(78)

SPECIAL NOTICE

This is a long and complicated fiscal note which requires the following organizational structure. Each section having a fiscal impact, whether it can or cannot be fully estimated, is cited with its own set of assumptions. Some provisions of HB 5 result in reductions in budgeted expenditures and are expressed in terms of cost savings (12 provisions), while other provisions require additional expenditures (8 provisions). Overall, with the exception of one-time expenditures in 1995-96, there is a general reduction in expenditures at the state and local levels of government due primarily to a reduction in the caseloads for AFDC, Food Stamps, and Medicaid; and a reduction in the monthly payments for AFDC cash benefits and monthly Food Stamp allotments. This fiscal analysis assumes that the cost savings resulting from some provisions of HB 5 will be used to offset the provisions of HB 5 which require additional expenditures.

ASSUMPTIONS AND METHODOLOGY:

General Assumptions:

The following general assumptions were used to estimate the fiscal impact of HB 5.

1. The overall analysis assumes status quo at the federal level since the result of federal Welfare Reform is unknown and cannot be predicted.
2. The economy will continue to be stable.
3. There will be no large change in in-migration.
4. Counting food stamps as income has the most impact on caseload size and AFDC average payment amounts. The current baseline AFDC

caseload of 120,000 is reduced to 112,974 and the current average monthly payment is reduced from \$224 to 169.29. The "adjusted" caseload and average payment have been used to estimate the impact of the other provisions of HB 5.

5. The two-year time limits for AFDC recipients required to participate in any "State designated employment program" have significant impact beginning in years 4 and 5 of the analysis. Estimates of the other provisions of HB 5 are adjusted appropriately with the reduction in caseload caused by the proposed time limits.
6. Except for the impact of counting food stamps as income and the impact of time limits, the remaining provisions of HB 5 have been estimated separately, because the impact of one provision on another cannot be predicted. In addition, the behavioral changes which may result from HB 5 also cannot be predicted, but assumptions for behavioral responses have been used when necessary.
7. No assumption about the anticipated length of stay on AFDC was used in making these estimates. The impact on the AFDC caseload as a whole was considered while accumulating the first year's impact, where appropriate, and assuming no outside caseload changes. This approach accounts for cases that regularly leave and return or begin AFDC.
8. The following Federal Financial Participation rates were used throughout the estimated:

1996-97 - 64.46%
1997-98 - 64.28%
1998-99 - 64.10%
1999-00 - 63.93%
9. The fiscal impact of caseload reductions caused by HB 5 on the counties is unknown, therefore; the fiscal impact of the administrative impact has not been included in this fiscal note. Some provisions of HB 5 will have an administrative impact on the activities carried out by the caseworkers in county departments of social services. These administrative tasks are not due to increases in cases, but they are due to new requirements proposed in HB 5. Caseloads will decrease under HB 5, but it is not known whether the decline in cases will offset these new activities and can be absorbed by existing staff. In addition, automative changes may reduce the administrative impact of HB 5.

The Division of Social Services has identified the following provisions of HB 5 that may have an administrative impact on counties:

- a. Counting Food Stamps and Public Housing Subsidies as income;
- b. Counting the income of the the "substitute parent";
- c. Requiring treatment/drug testing for alcohol and drug dependent recipients;

- d. Removing individuals from AFDC who violate parole or probation;
- e. Requiring literacy education for custodial parent of an out-of-wedlock child; and
- f. The implementation of Learnfare and Healthfare.

10. Any Welfare Reform legislation will require that the existing automated data systems for public assistance programs be changed. In the case of HB 5, changes will need to be made related to eligibility determination, time limits, and sanctions which are required under the proposed legislation. These changes may require new software development and the purchase of new hardware on the local level. The actual cost of making the necessary changes needed for HB 5 is not known at this time (except for minor changes to the Medicaid System) and will require further analysis.

108A-26.5 Reducing illegitimacy: county block grants

Provide no AFDC benefits or Food Stamps for the parent and no AFDC benefits for the child when the child is born out-of-wedlock. This provision affects the expenditures for AFDC cash benefits and Food stamps.

FISCAL IMPACT

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
<u>Department of Human Resources</u>					
TOTAL					
EXPENDITURES	-0-	(\$7,134,981)	(\$20,307,252)	(\$26,344,544)	(\$26,344,544)
STATE FUNDS	-0-	(1,831,004)	(5,237,195)	(6,827,767)	(6,861,335)
FEDERAL FUNDS	-0-	(4,980,929)	(14,145,441)	(18,310,560)	(18,272,516)
POSITIONS:	(0)	(0)	(0)	(0)	(0)

ASSUMPTIONS AND METHODOLOGY:

1. There is no way to know the number of individuals who will apply for AFDC and have children who are born out-of-wedlock after the effective date of this legislation. Therefore, information available about the current AFDC population has been used. Of the 8,500 AFDC applications approved each month, 10% have a child under the age of one. In addition, 14.4% of the approved applications are women who are in their third trimester of pregnancy having their first child. For the purposes of this analysis, the more conservative 10% figure is used to take into consideration the terminations which occur each month.
2. This analysis assumes that at least 10% of the approved applications or 850 cases would be applying for AFDC due to economic circumstances caused by having a first or an additional child after the effective date of HB 5. Based on information from the Child Support Enforcement Section, at least 54% of the these cases would have children born out-of-wedlock and would not be eligible for AFDC under HB 5 -- 459 cases.
3. Assumes average AFDC payment withheld is \$169.29.
4. Assumes \$30 is deducted from the monthly food stamp allotment because the parent is removed from eligibility.
5. Cost savings grows during first two years, but levels off because it is assumed that fewer individuals will apply for AFDC as the policy change becomes widely known.

108A-26.5 Reducing illegitimacy: county block grants

Provides block grants to the counties based on the cost savings from all sources of funding derived from providing no AFDC benefits or Food Stamps for the parent and no AFDC benefits for the child when the child is born out-of-wedlock.

FISCAL IMPACT

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u>
1999-00					
<u>Department of Human Resources</u>					
TOTAL					
EXPENDITURES	-0-	\$7,134,981	\$20,307,252	\$26,344,544	\$26,344,544
STATE FUNDS	-0-	1,831,004	5,237,195	6,827,767	6,861,335
LOCAL FUNDS	-0-	323,047	924,617	1,206,216	1,210,692
FEDERAL FUNDS	-0-	4,980,929	14,145,441	18,310,560	18,272,516
POSITIONS:	(0)	(0)	(0)	(0)	(0)

ASSUMPTIONS AND METHODOLOGY:

1. Assumes that the cost savings determined on the previous page of this fiscal note, from all sources of funding, will be used to provide block grants to the counties. These savings result from providing no AFDC benefits or Food Stamps for the parent and no AFDC benefits for the child, when the child is born out-of-wedlock.

108A-26.6 Family cap limitation

Provides that no increase in AFDC benefits are provided to a recipient family for any additional dependent born ten months after the effective date of HB 5. This provision affects expenditures for AFDC cash benefits.

FISCAL IMPACT

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	1995-96	1996-97	1997-98	1998-99	
1999-00					
<u>Department of Human Resources</u>					
TOTAL					
EXPENDITURES	-0-	(\$2,281,872)	(\$4,212,687)	(\$3,854,271)	(\$3,495,856)
STATE FUNDS	-0-	(405,488)	(752,386)	(691,841)	(630,477)
LOCAL FUNDS	-0-	(405,489)	(752,386)	(691,842)	(630,478)
FEDERAL FUNDS	-0-	(1,470,895)	(2,707,915)	(2,470,588)	(2,234,901)
POSITIONS:	(0)	(0)	(0)	(0)	(0)

ASSUMPTIONS AND METHODOLOGY:

1. HB 5 proposes to exclude children born while a mother is on AFDC. This provision is expected to have the effect of keeping the family size from shifting upward as it would under current policy. For example, under current policy a two-person case can become a three-person case, with the addition of a newborn. Under HB 5, it would remain a two-person case.

To determine the cost savings resulting from a family cap, the cost of AFDC benefits allowing family size distribution to change is compared to the cost of AFDC benefits allowing no change in family size.

2. Assumes there are about 1,215 births per month to the monthly AFDC caseload of 120,000 or births involving 1.01% of the caseload in any given month. For the sake of estimating proposal costs, it is assumed that these cases occur evenly throughout the year. It is assumed that the monthly addition of newborns can occur to different size AFDC households in the same proportion as each size AFDC household is represented in the current overall caseload.
3. Assumes the adjusted caseload of 112,974.
4. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.

5. Assumes that the average payment will not increase by about \$30 per month per birth.

108A-26.7 Limited benefits for minor parents

No AFDC, Medicaid, or WIC benefits will be provided to a minor parent who does not live with her parent, legal guardian, or other adult relative, or in a foster home, maternity home, residential care facility. This provision will affect expenditures for AFDC cash benefits, Medicaid, and WIC benefits.

FISCAL IMPACT

It is anticipated that this provision will have little fiscal impact on expenditures by the Departments of Human Resources and Environment, Health, and Natural Resources because almost all minor parents fulfill the requirements of this provision.

108A-26.9 Nonsupport work incentive program

Modify court orders for unemployed parents and require Public Community Service Work. This provision affects expenditures for the Community Service Program operated by the Division of Victim and Justice Services in the Department of Crime Control and Public Safety. This provision has no fiscal impact on the Child Support Enforcement Section in the Department of Human Resources or the Administrative Office of the Courts.

FISCAL IMPACT

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
<u>Department of Crime Control And Public Safety</u>					
TOTAL					
EXPENDITURES	-0-	\$3,375,100	\$3,411,051	\$3,214,464	\$3,000,464
STATE FUNDS	-0-	3,375,100	3,411,051	3,214,464	3,000,464
LOCAL FUNDS	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-
POSITIONS:	(0)	(100)	(100)	(89)	(78)

Administrative Office of the Courts and the Department of Human Resources

No fiscal impact because these cases would already be in court.

ASSUMPTIONS AND METHODOLOGY:

Department of Crime Control And Public Safety

1. Assumes the number of individual required to participate in community serve is 25,306 based on information from the Child Support Enforcement Section.
2. Assumes the maximum caseload for each community service coordinator will not exceed 250.
3. Assumes first year costs will be \$37,351 x 100 coordinators = \$3,735,100. Includes \$33,117 for salary and benefits and \$4,234 for nonrecurring equipment costs. Assumes second and subsequent years will have recurring cost of \$3,311,700.
4. Assumes the adjusted caseload of 112,974.

5. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.
6. Costs are increased by 3% each year for inflation.

108A-26.10(a) Learnfare; Healthfare

Requires that a \$50 per month penalty be applied when children do not attend school at least 80% of the time (Learnfare) or when children are not properly immunized (Healthfare). This provision affects expenditures for AFDC cash benefits.

FISCAL IMPACT

Department of Human Resources

A. LearnFare

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
TOTAL					
EXPENDITURES	\$100,000	(\$471,790)	(\$471,790)	(\$431,650)	(\$391,519)
STATE FUNDS	100,000	(83,837)	(84,261)	(77,481)	(70,609)
LOCAL FUNDS	-0-	(83,837)	(84,262)	(77,481)	(70,609)
FEDERAL FUNDS	-0-	(304,116)	(303,267)	(276,688)	(250,292)
POSITIONS:	(0)	(0)	(0)	(0)	(0)

B. Healthfare

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
TOTAL					
EXPENDITURES	-0-	(\$1,333,933)	(\$1,251,521)	(1,030,538)	(\$842,235)
STATE FUNDS	-0-	(237,040)	(223,521)	(184,981)	(151,716)
LOCAL FUNDS	-0-	(237,040)	(223,522)	(184,982)	(151,717)
FEDERAL FUNDS	-0-	(859,853)	(804,478)	(660,575)	(537,802)
POSITIONS:	(0)	(0)	(0)	(0)	(0)
ASSUMPTIONS AND METHODOLOGY:					

A. LearnFare

1. The Department of Public Instruction(DPI) may have costs associated with helping the Department of Human Resources and county departments of social services to determine whether dependent children of AFDC families are attending school at least 80% of the time. DPI has estimated that nonrecurring costs to establish automated information exchange between DPI and DHR or

local LEAS with local departments of social services will be no more than \$100,000. The automation would need to be completed during 1995-96 before the effective date of HB 5.

2. Daily attendance for the public school population is 94.7% of total enrollment. This does not mean that 5.3% of the students are absent 20% of the time, but there is no data available on which to base a prediction of the number of students age 5-15 who are absent 20% of the time.
3. About 64.4% of AFDC cases have children age 5-15. For the purpose of this analysis, it is assumed that 50% of the potentially affected cases will not be sanctioned and 50% will be sanctioned in equal numbers one to six months.
4. Assumes the adjusted caseload of 112,974.
5. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.

B. Healthfare

1. The Department of Environment, Health, and Natural Resources estimates that 43% of children in the general population ages 0-5 are not properly immunized. It is assumed that this percentage is the same for AFDC families.
2. About 53% of AFDC cases have children ages 0-5. It is assumed that 50% of the potentially affected cases (43% of the AFDC caseload with children ages 0-5) will not be sanctioned. Of the remaining 50%, it is assumed that 45% will be sanctioned in equal numbers for one to six months and 5% will be sanctioned and the sanction will not be lifted.
3. Assumes savings decline about 10% each year as a result of immunization campaigns being emphasized throughout the state.
4. Assumes the adjusted caseload of 112,974.
5. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.

108A-26.10(c) Learnfare; Healthfare

Requires any custodial parent of an out-of-wedlock child who has not obtained a high school diploma, to do so; and for those who are "functionally illiterate", requires them to participate in a literacy program or they will lose AFDC cash benefits and a portion of their food stamp allotment. Allows the county director of social services to waive the literacy requirement. This provision affects expenditures for AFDC cash benefits and food stamps and expenditures for literacy programs provided by the Department of Community Colleges.

FISCAL IMPACT

Department of Human Resources

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
TOTAL					
EXPENDITURES	-0-	(\$2,355,721)	(\$2,328,721)	(\$2,212,175)	(\$2,201,337)
STATE FUNDS	-0-	(248,218)	(244,652)	(224,965)	(224,076)
LOCAL FUNDS	-0-	(248,218)	(244,653)	(224,966)	(224,076)
FEDERAL FUNDS	-0-	(1,859,285)	(1,839,416)	(1,762,244)	(1,753,185)
POSITIONS:	(0)	(0)	(0)	(0)	(0)

Department of Community Colleges

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
TOTAL					
EXPENDITURES	-0-	\$12,398,954	\$12,398,954	\$11,344,051	\$10,289,148
STATE FUNDS	-0-	\$12,398,954	\$12,398,954	\$11,344,051	\$10,289,148
LOCAL FUNDS	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-
POSITIONS:	(0)	(0)	(0)	(0)	(0)

ASSUMPTIONS AND METHODOLOGY:

Department of Human Resources

1. The JOBS Evaluation, being conducted by the School of Social Work at UNC-CH, indicates that 63% of AFDC individuals do not have high school diplomas or are functionally illiterate.

2. Child Support Enforcement indicates that 54% of the AFDC caseload has children born out-of-wedlock.
3. Assumes that the county director of social services will waive the literacy requirement for 50% of the individuals covered by the requirement.
4. Based on JOBS Evaluation data, assumes that 19.8% of the affected individuals will fail to meet their responsibilities in this area and will be removed from the AFDC payment and the food stamp allotment (\$30 from each). Assumes the 70% food stamp participation rate for AFDC recipients will continue.
5. Assumes the adjusted caseload of 112,974.
6. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.

Department of Community Colleges

1. Assumes that the county director of social services will waive the literacy requirement for 50% of the individuals covered by the requirement. Based on JOBS Evaluation data, assumes that 19.8% of the affected individuals will fail to meet their responsibilities in this area and will not be served by any program.
2. Assumes that 50% of the individuals not waived from the literacy requirement will attend the literacy programs offered by the Community College System. The other 50% will attend other local literacy programs.
3. Assumes that individuals attending literacy programs provided by the Community College System will attend half-time at an annual FTE rate of \$3,218.
5. Assumes the adjusted caseload of 112,974.
6. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.

Calculations for Fiscal Impact

.63 x 112,974 caseload = 71,174 functionally illiterate individuals

71,174 x .54% = 38,434 functionally illiterate individuals with children out-of-wedlock

38,434 x .50 = 19,217 individuals required to participate in a literacy program

19,217 x .198 = 3,805 individuals who will be sanctioned for not participating in literacy program

3,805 x \$30 per month x 12 months = \$1,369,836 in AFDC benefits reductions

3,805 x \$30 per month x 12 months .70 participation rate = \$958,885 in Food Stamp reductions

19,217 - 3,805 = 15,412 individuals who will participate in a literacy program

15,412 x .50 = 7,706 individuals who will participate in Community College literacy programs

7,706 x .50 = 3,853 FTE who will attend Community College literacy programs half-time

3,853 x \$3,218 = \$12,398,954 for Community Colleges to serve required individuals in literacy programs

108A-26.11 Benefits included as income

Requires the Department of Human Resources to count 100% of the monthly food stamp allotment and the monthly housing subsidy (including public housing) as income for the purposes of determining AFDC eligibility. This provision affects the expenditures for AFDC cash benefits.

FISCAL IMPACT

Department of Human Resources

A. 100% Food Stamp Allotment as Income

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
TOTAL					
EXPENDITURES	-0-	(94,768,116)	(94,768,116)	(86,705,245)	(78,642,373)
STATE FUNDS	-0-	(16,840,294)	(16,925,585)	(15,563,591)	(14,183,152)
LOCAL FUNDS	-0-	(16,840,294)	(16,925,586)	(15,563,592)	(14,183,152)
FEDERAL FUNDS	-0-	(61,087,528)	(60,916,945)	(55,578,062)	(50,276,069)
POSITIONS:	(0)	(0)	(0)	(0)	(0)

B.100% Monthly Housing Subsidy as Income

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
TOTAL					
EXPENDITURES	-0-	(49,085,964)	(49,085,964)	(44,909,730)	
(40,733,496)					
STATE FUNDS	-0-	(8,722,576)	(8,766,753)	(8,061,296)	(7,346,286)
LOCAL FUNDS	-0-	(8,722,576)	(8,766,753)	(8,061,297)	
(7,346,286)					
FEDERAL FUNDS	-0-	(31,640,812)	(31,552,458)	(28,787,137)	
(26,040,924)					
POSITIONS:	(0)	(0)	(0)	(0)	(0)

ASSUMPTIONS AND METHODOLOGY:

A. 100% Food Stamp Allotment as Income

1. The current AFDC caseload was matched with the records for the same cases in the automated food stamp system. Each family's full food stamp allotment was computed as income in its AFDC case.

About 7,800 AFDC cases became ineligible for AFDC and the AFDC caseload is reduced to 112,974. Average AFDC monthly payments were reduced from \$224 to 169.29 by this provision.

2. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.

B. 100% Monthly Housing Subsidy as Income

1. Since housing subsidy or public housing information is not collected from the current caseload, 1991-92 Quality Control data published by the U. S. Department of Health and Human Services was used to determine what percent of the AFDC caseload lives in public housing or receives a housing subsidy. This data indicated that 10% of North Carolina AFDC cases received a housing subsidy and 14.3 % lived in public housing during 1991-92, the last year the data was available.
2. To determine the average monthly housing subsidy, the Division of Social Services surveyed ten local housing authorities across the state. Based on their survey, the average monthly housing subsidy used for this analysis was \$297. Since the average value of public housing was not available, the \$297 monthly housing subsidy was used as the average value of living in public housing.
3. The average monthly AFDC payment used for this analysis was \$169.29.
4. Assumes that 24.3% of the adjusted caseload of 112,974 will be affected or 27,453 cases.
5. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.

Note:

If this provision is implemented with the actual caseload and in conjunction with counting 100% of the monthly food stamp allotment, some additional cases will likely be ineligible for AFDC and the average monthly AFDC payment will likely be reduced further. The actual number of cases affected cannot be estimated at this time because no data is available from the current caseload on who receives public housing or housing subsidies.

108A-26.12 Other household resources

Requires that income of the "substitute parent" or "man-in-the-house" be counted when determining eligibility for AFDC cash benefits. This provision affects the expenditures for AFDC cash benefits.

FISCAL IMPACT

Department of Human Resources

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	1995-96	1996-97	1997-98	1998-99	1999-00
TOTAL					
EXPENDITURES	-0-	(\$8,404,968)	(\$8,404,968)	(\$7,689,873)	(\$6,974,779)
STATE FUNDS	-0-	(1,493,563)	(1,501,127)	(1,380,332)	
(1,257,901)					
LOCAL FUNDS	-0-	(1,493,563)	(1,501,128)	(1,380,332)	
(1,257,902)					
FEDERAL FUNDS	-0-	(5,417,842)	(5,402,713)	(4,929,209)	
(4,458,976)					
POSITIONS:	(0)	(0)	(0)	(0)	(0)

ASSUMPTIONS AND METHODOLOGY:

1. Since there is no information available in the AFDC automated system to identify the number of cases where there is a "substitute parent" or a "man-in-the-house", the Division of Social Services contacted 14 county departments of social services and asked them to estimate how many cases met this criterion. The average in these counties was about 10%. It is important to note that AFDC households have no reason to report information on "substitute parent" or a "man-in-the-house"; so counties made their estimates based on information reported to them. Estimates may be low.
2. To estimate the average amount of personal income to count towards the support of the AFDC family, AFDC cases with stepparents were reviewed and the "countable" income in these cases was averaged. The average monthly countable income was \$124.
3. The average monthly AFDC payment used for this analysis was \$169.29.
4. Assumes the adjusted caseload of 112,974.
5. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.

6. If this provision is implemented with the actual caseload, some additional cases will likely be ineligible for AFDC and the average monthly AFDC payment will likely be reduced further. The actual number of cases affected cannot be estimated at this time because no data is available from the current caseload.

108A-26.13 Elimination of disincentives

This provision allows the asset of one motor vehicle as well as the value of any equipment used by a self-employed person in a business to be disregarded when determining eligibility for AFDC benefits. This provision also eliminates the "100 hour rule" for AFDC-Unemployed Parent cases which makes AFDC-UP families ineligible for benefits if a parent works more than 100 hours per month and the rule requiring that the parent have a recent connection to the labor force. This provision affects the expenditures for AFDC cash benefits and Medicaid.

FISCAL IMPACT

Department of Human Resources

A. Disregard the assets of one motor vehicle and equipment.

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
TOTAL EXPENDITURES	-0-	\$ 6,194,575	\$11,436,137	\$10,463,151	\$9,490,164
STATE FUNDS	-0-	1,644,651	3,051,657	2,806,091	2,557,200
LOCAL FUNDS	-0-	555,901	1,033,332	950,180	865,903
FEDERAL FUNDS	-0-	3,993,023	7,351,148	6,706,880	6,067,061
POSITIONS:	(0)	(0)	(0)	(0)	(0)

B. Eliminate "100-hour rule" and requirement to have recent labor force connection.

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
TOTAL EXPENDITURES	-0-	\$1,795,529	\$3,314,822	\$3,032,797	\$2,750,774
STATE FUNDS	-0-	476,710	884,537	813,359	741,217
LOCAL FUNDS	-0-	161,421	299,517	275,415	250,987
FEDERAL FUNDS	-0-	1,157,398	2,130,768	1,944,023	1,758,570
POSITIONS:	(0)	(0)	(0)	(0)	(0)
ASSUMPTIONS AND METHODOLOGY:					

A. Disregard the assets of one motor vehicle and equipment

1. Assumes 138 AFDC cases are ineligible each month because of assets based on data related to individuals found ineligible for AFDC. All of these cases would become eligible under HB 5.
2. Assumes an average monthly AFDC payment of \$169.29 and an average Medicaid cost of \$406.20.

3. Assumes the adjusted caseload of 112,974.
 4. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.
- B. Eliminate "100-hour rule" and requirement to have recent labor force connection.**
1. Assumes that 40 AFDC-Unemployed Parent cases will become eligible under HB 5.
 2. Assumes an average monthly AFDC payment of \$169.29 and an average Medicaid cost of \$406.20.
 3. Assumes the adjusted caseload of 112,974.
 4. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.

108A-26.14 Individual Development Accounts

Allows Individual Development Account's (IDAs) up to \$10,000, and disregards income in calculating AFDC payment if net earnings are deposited into an IDA. Also, disregards lump sum payments if the sum is deposited into an IDA.

FISCAL IMPACT

The Department of Human Resources estimates that this provision of HB 5 will have minimal impact on the expenditures for AFDC and Medicaid because in most cases AFDC families will not have enough income to create an IDA.

108A-26.15 Time limits on AFDC benefits: transitional benefits

AFDC is limited to two years for recipients required to participate in any "State designated employment program" or JOBS mandatory. The time limit applies to AFDC cases headed by individuals age 18 and older. This provision reduces the expenditures for AFDC cash benefits.

Provides transitional child day care subsidies and Medicaid on a sliding scale for up to 24 months for any individual employed full time by the end of the two year AFDC benefit period. This provision increases the expenditures for child day care subsidies and Medicaid.

FISCAL IMPACT

Department of Human Resources

A. Two Year Time Limits

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
TOTAL					
EXPENDITURES	-0-	-0-	-0-	(\$ 7,547,213)	
(\$21,487,654)					
STATE FUNDS	-0-	-0-	-0-	(1,354,724)	(3,875,298)
LOCAL FUNDS	-0-	-0-	-0-	(1,354,725)	(3,875,299)
FEDERAL FUNDS	-0-	-0-	-0-	(4,837,764)	(13,737,057)
POSITIONS:	(0)	(0)	(0)	(0)	(0)

B. Two Year Transitional Child Care Subsidies and Medicaid on a Sliding Scale

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
TOTAL					
EXPENDITURES	\$250,000	(\$ 1,709,000)	\$33,252,000	\$33,252,000	\$33,252,000
STATE FUNDS	125,000	(506,394)	11,170,603	11,226,873	11,279,724
LOCAL FUNDS	-0-	(93,755)	714,151	717,645	721,237
FEDERAL FUNDS	125,000	(1,108,851)	21,367,246	21,307,482	21,251,039
POSITIONS:	(0)	(0)	(0)	(0)	(0)
ASSUMPTIONS AND METHODOLOGY:					

A. Two Year Time Limits

1. The estimated number of JOBS mandatory AFDC cases where the "casehead" is at least 18 years old is 45,440. Currently, 27.7% of the JOBS mandatory cases have been on AFDC 24 or more months. For the purposes of this analysis, it has been assumed that 27.7% of the JOBS mandatory AFDC cases will reach the proposed two year limit. This approach accounts for cases that leave and come on AFDC all the time.

2. Assumes the JOBS mandatory cases have an average monthly AFDC payment of \$184.63 after adjusting for counting 100% of the food stamp allotment as income. Based on data from the actual AFDC caseload, the average payment for JOBS mandatory cases is slightly higher than the one for the whole caseload (\$169.29).
3. Since HB 5 allows the county director of social services to extend the two year time limit by one additional year, this analysis assumes that 50% of these cases will be extended and 50% will not be extended. Beginning in 1998-99, an estimated 12,840 cases will reach the two year time limit; half of these cases (6,294) will leave the AFDC caseload at a rate of 535 cases per month.
4. Assumes the adjusted caseload of 112,974.

B. Two Year Transitional Child Care Subsidies and Medicaid on a Sliding Scale

1. Assumes the status quo in relation to transitional child care subsidy growth. Currently, there are 9,000 children on transitional child care with an average transitional child care payment of \$184 per month using the sliding scale for child care subsidies. For this analysis, assumes that the same number of children (9,000) will be served for one additional year of transitional child care allowed under HB 5.
2. Assumes the status quo in relation to transitional Medicaid growth; and, assumes no additional Medicaid costs for the children, because they would likely be covered under another Medicaid category, regardless of HB 5. Additional Medicaid average monthly cost per individual adult is \$156 for an additional one year.
3. Currently Medicaid does not have a sliding scale or higher co-payment systems for recipients who earn income. Since the Division of Medical Assistance has estimated that the administrative cost of charging individuals receiving transitional Medicaid a higher co-payment would be less than requiring them to pay a premium, this analysis assumes that a higher co-payment will be the method used to implement a sliding scale for individuals receiving transitional Medicaid. Implementing a higher co-payment system will reduce the cost of providing transitional Medicaid by \$1,759,000 in 1996-97 and \$3,518,000 in subsequent years. The cost for providing transitional Medicaid have been adjusted to reflect these savings.
4. There is a one-time \$200,000 cost to reprogram changes into the automated data processing system to account for the implementation in 1995-96 a higher co-payment for individuals receiving transitional Medicaid benefits. One half of this cost will be

covered by federal funds. And there is an annual cost of \$50,000 to provide oversight for the new system. These administrative costs are included in this analysis.

5. Assumes the adjusted caseload of 112,974.
6. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.

108A-26.16 Diversionary Assistance

Requires DHR to offer diversionary assistance (assistance in lieu of AFDC benefits) to persons with short term assistance needs and may be diverted from receiving continuing public assistance if a diversion payment for one-time assistance is made. Diversionary assistance payments cannot exceed three times the amount of the monthly AFDC cash payment for the specific household size. This provision affects the expenditures for AFDC cash benefits.

FISCAL IMPACT

Department of Human Resources

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
TOTAL					
EXPENDITURES	-0-	(14,689,444)	(14,689,444)	(14,689,444)	
(14,689,444)					
STATE FUNDS	-0-	(2,610,349)	(2,623,570)	(2,636,791)	
(2,649,277)					
LOCAL FUNDS	-0-	(2,610,350)	(2,623,571)	(2,636,791)	
(2,649,278)					
FEDERAL FUNDS	-0-	(9,468,945)	(9,442,503)	(9,416,062)	
(9,391,089)					
POSITIONS:	(0)	(0)	(0)	(0)	
(0)					

ASSUMPTIONS AND METHODOLOGY:

1. Assumes 10% of the AFDC applicants will choose diversionary assistance rather than traditional AFDC based on the experience Utah has had with its diversion program. Utah is the only state with any long term experience with using diversionary assistance.
2. Assumes an average diversionary payment of \$672 rather than the receipt of traditional AFDC for up to two years.
3. Assumes none of the diversionary assistance recipients would return to AFDC.
4. Assumes the adjusted caseload of 112,974.

108A-26.17 Drug and alcohol treatment required; drug testing for welfare recipients.

Requires AFDC recipients who are addicted to drugs and alcohol to receive treatment and submit to drug and alcohol testing after treatment is completed as a condition for receiving benefits. This provision affects expenditures for AFDC cash benefits, Medicaid and Food Stamps.

FISCAL IMPACT

Department of Human Resources

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00
TOTAL					
EXPENDITURES	-0-	(\$7,330,676)	(\$7,330,676)	(\$6,746,933)	(\$6,870,157)
STATE FUNDS	-0-	(401,675)	(406,780)	(386,077)	(442,354)
LOCAL FUNDS	-0-	(861,032)	(864,333)	(797,093)	(804,077)
FEDERAL FUNDS	-0-	(6,067,969)	(6,059,563)	(5,563,763)	(5,623,726)
POSITIONS:	(0)	(0)	(0)	(0)	
(0)					

ASSUMPTIONS AND METHODOLOGY:

1. Based on information from the Division of Mental Health/Developmental Disabilities/Substance Abuse Services (DMH/DD/SAS), it is assumed that about 25% of the AFDC caseload has a family member who is alcohol or drug dependent and that the treatment failure rate is about 53%. For benefit savings, it is assumed that 53% of the participants will fail to meet the requirement for treatment and will lose AFDC and Food Stamps -- a \$30 monthly reduction from each program.
2. Assumes two drug test per year for the length of time that these individuals are receiving AFDC at an average per drug test cost of \$32.40. Medicaid will pay for drug testing, and this analysis assumes the usual Medicaid cost sharing formula.
3. Assumes the adjusted caseload of 112,974.
4. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.

108A-26.18 Felons: parole or probation violators

Requires that AFDC, Food Stamps, and Medicaid not be provided to a recipient who is convicted of a felony or who is found to be in violation of parole or probation. The children continue to receive all benefits. This provision affects expenditures for AFDC cash benefits, Medicaid and Food Stamps.

FISCAL IMPACT

Department of Human Resources

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u>
1999-00					
TOTAL					
EXPENDITURES	-0-	(\$706,586)	(\$706,586)	(\$652,580)	(\$606,387)
STATE FUNDS	-0-	(179,162)	(180,069)	(165,579)	(152,302)
LOCAL FUNDS	-0-	(46,434)	(46,669)	(42,914)	(40,516)
FEDERAL FUNDS	-0-	(480,990)	(479,848)	(444,087)	(413,569)
POSITIONS:	(0)	(0)	(0)	(0)	(0)
ASSUMPTIONS AND METHODOLOGY:					

1. There is no available data that identifies how many AFDC recipients are on parole or probation. This analysis assumes the number is low and estimates that 1% of the AFDC caseload is on parole or probation.
2. Data from the Division of Adult Probation and Parole indicates that on average 29.9% of the parole and probation population will violate the conditions of their parole or probation. This analysis assumes this rate for the AFDC recipients who are on probation and parole.
3. Assumes that \$30 will be removed from both the monthly AFDC payment and the Food Stamp allotment. Medicaid savings are \$156 per month per recipient.
4. Assumes the adjusted caseload of 112,974.
5. Adjusts for caseload reductions due to the effect of the two-year time limits in the fourth and fifth years of the estimate.

108A-26.19 Notification of eligibility limitations

Requires Department of Human Resources to develop a comprehensive program of public service announcements and printed materials to notify the public and current AFDC recipients the eligibility restrictions and requirements authorized in HB 5.

FISCAL IMPACT

Department of Human Resources

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u>
1999-00					
TOTAL					
EXPENDITURES	\$100,000	-0-	-0-	-0-	-0-
STATE FUNDS	50,000	-0-	-0-	-0-	-0-
LOCAL FUNDS	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	50,000	-0-	-0-	-0-	-0-
POSITIONS:	(0)	(0)	(0)	(0)	(0)

ASSUMPTIONS AND METHODOLOGY:

1. Assumes that DHR will do a comprehensive campaign during 1995-96 before HB 5 becomes effective. Federal funds will pay 50% of the cost of the campaign.

Legislative Study Commission on Welfare Reform

HB 5 continues the Legislative Study for Welfare Reform during 1995-96 and 1996-97 with a \$60,000 appropriation each year.

FISCAL IMPACT

N. C. General Assembly

	<u>FY</u> 1995-96	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u>
1999-00					
TOTAL					
EXPENDITURES	\$60,000	\$60,000	-0-	-0-	-0-
STATE FUNDS	\$60,000	\$60,000	-0-	-0-	-0-
LOCAL FUNDS	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-
POSITIONS:	(0)	(0)	(0)	(0)	(0)

SOURCES OF DATA:

Department of Human Resources
 Division of Social Services
 Division of Medical Assistance
County Departments of Social Services
Department of Public Instruction
Department of Environment, Health, and Natural Resources
Department of Crime Control and Public Safety
State Banking Commission
Administrative Office of the Courts
Department of Correction
 Division of Adult Probation and Parole
N. C. General Assembly
Department of Community Colleges

TECHNICAL CONSIDERATIONS:

1. GS 108A-26.14(c) requires that the Department of Human Resources cooperate with the State Banking Commission in establishing an administering Individual Development Accounts. Since AFDC recipients may also bank with Savings Institutions or Credit Unions, it would clarify the legislation if the Savings Institutions Division and the Credit Union Division were included in the same capacity as the State Banking Commission.
2. GS 108A-26.15(b) needs to be clarified to make it clear that the Division of Medical Assistance can implement a sliding scale co-payment system to meet the requirement that transitional Medicaid benefits be provided on a sliding scale based on income.

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: L. Carol Shaw
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DATE: 5/15/95



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