
SUBSTITUTE HOUSE BILL 1481

State of Washington

54th Legislature

1995 Regular Session

By House Committee on Children & Family Services (originally sponsored by Representatives Cooke, Lambert, Mielke, Van Luven, Elliot, Schoesler, D. Schmidt, Sherstad, Huff, Buck, Clements, McMorris, Johnson, Blanton, Hickel, Boldt, Backlund, Mulliken, Robertson, Goldsmith, L. Thomas, McMahan, Talcott, Cairnes, Thompson, Beeksma, Benton, Foreman, Sehlin, Sheahan and Mitchell)

Read first time 02/03/95.

1 AN ACT Relating to public assistance, including a requirement that
2 caretakers under the aid to families with dependent children program
3 enter into contracts with the state and including additional provisions
4 governing public assistance eligibility and benefits; amending RCW
5 74.12.420 and 74.25.020; reenacting and amending RCW 74.04.005; adding
6 new sections to chapter 74.12 RCW; creating new sections; and providing
7 an effective date.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

9 NEW SECTION. **Sec. 1.** A new section is added to chapter 74.12 RCW
10 to read as follows:

11 The legislature finds that lengthy stays on welfare, the inadequate
12 emphasis on employment by the social welfare system, and the lack of
13 personal responsibility by some individuals receiving public assistance
14 are obstacles to achieving economic independence. The legislature
15 further finds that the number of minors having children has increased
16 significantly in recent years and that this increase is in part
17 attributable to the minors' knowing that the government will support
18 them and their children. Therefore, the legislature intends that:

1 (1) Income and employment assistance programs emphasize the
2 temporary nature of welfare and set goals of responsibility, work, and
3 independence;

4 (2) Employment assistance resources focus on employable recipients
5 who are most at risk of a long-term stay on welfare;

6 (3) Caretakers receiving public assistance sign a contract
7 delineating their obligation and responsibility to comply with
8 requirements for work, training, and personal responsibility;

9 (4) Specific time limits for the receipt of public assistance be
10 set for all recipients of aid to families with dependent children; and

11 (5) Unmarried parents who are minors generally will be ineligible
12 for assistance under the aid to families with dependent children
13 program.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 74.12 RCW
15 to read as follows:

16 (1) A family receiving or applying for assistance under the aid to
17 families with dependent children program is ineligible for continued or
18 new assistance if the caretaker and the department have not entered
19 into a contract satisfying the requirements of this section. For
20 purposes of this section, sections 1 through 5 of this act, and RCW
21 74.12.420, "caretaker" means the parent of the dependent child or
22 children who is head of the household. However, in situations where
23 there are two parents in the household, "caretaker" means that parent
24 who, as a parent, has received assistance under the program for the
25 longest period.

26 (2) The contract shall (a) be entered into by the department and
27 caretaker on a form prescribed by the department; (b) contain a list of
28 the benefits to which the family is eligible, including job assessment,
29 job search, job skills training, and referral to available community
30 resources; (c) contain a summary of the responsibilities that the
31 caretaker must exercise for receipt of such benefits, including high
32 school completion or GED programs; (d) contain a statement of the rule
33 in section 3 of this act prohibiting additional assistance for
34 additional children; (e) contain a statement of the rules in section 4
35 of this act governing the duration of the contract; (f) contain a
36 statement of the rules in section 5 of this act governing the number of
37 monthly payments that may be made during a sixty-month period and
38 authorizing increased earnings; (g) if the caretaker is a minor,

1 contain a statement of the rule in section 6 of this act governing aid
2 with respect to children of unmarried minors; and (h) if the caretaker
3 has been a long-term recipient who might be affected by the rule in RCW
4 74.12.420 governing long-term recipients, contain a statement of such
5 rule.

6 NEW SECTION. **Sec. 3.** A new section is added to chapter 74.12 RCW
7 to read as follows:

8 The monthly benefit payment for a family shall not be increased as
9 a result of the caretaker's becoming the biological parent of any
10 additional child or children born more than ten months after the
11 effective date of the caretaker's initial contract with the department
12 under section 2 of this act. This rule applies regardless of whether
13 the initial contract is no longer effective or whether there exists a
14 new contract or a contract that has been renegotiated and extended
15 under section 4 of this act. Also, it applies only for the sixty-month
16 period beginning with the month in which the first payment was made
17 under the first contract entered into between the caretaker and the
18 department.

19 NEW SECTION. **Sec. 4.** A new section is added to chapter 74.12 RCW
20 to read as follows:

21 Unless renegotiated and extended, a contract entered into under
22 section 2 of this act may not last beyond the end of the last day of
23 the sixth calendar month following the month in which the contract was
24 entered into. Such contract may be renegotiated and extended for
25 additional periods of six months if, for each extension, the caretaker
26 requests the extension and the caretaker has complied with the
27 contract, and if all eligibility requirements are satisfied. The
28 department shall notify the caretaker of the need to renegotiate the
29 contract before its expiration. In addition, the department may
30 provide for contract extension for up to a six-month period under
31 limited emergency circumstances specified by the department by rule.

32 NEW SECTION. **Sec. 5.** A new section is added to chapter 74.12 RCW
33 to read as follows:

34 (1) The number of monthly benefit payments made to a caretaker
35 under contracts entered into under this section shall be limited to not
36 more than twenty-four monthly payments in the sixty-month period

1 beginning with the month in which the first payment was made under the
2 first contract entered into between the caretaker and the department.
3 However, this rule does not apply after such twenty-four monthly
4 payments if:

5 (a) The caretaker is incapacitated or is needed in the home to care
6 for a member of the household who is incapacitated. The incapacity
7 shall be supported by competent medical evidence and be expected to
8 last at least thirty days;

9 (b) The caretaker is needed in the home to care for a child under
10 age three;

11 (c) The caretaker is cooperating in the development and
12 implementation of an employability plan while receiving aid to families
13 with dependent children and no present full-time or part-time job is
14 offered;

15 (d) The caretaker is participating in an unpaid work experience
16 program; or

17 (e) The caretaker is participating in a high school, GED, or job
18 specific education and training program.

19 (2) During any of the last six months of eligibility for a monthly
20 benefit payment, a caretaker may earn up to one hundred percent of the
21 monthly benefit payment without such earnings resulting in any
22 reduction in future monthly benefit payments and any loss of
23 eligibility during any remaining months in the sixty-month period.

24 NEW SECTION. **Sec. 6.** A new section is added to chapter 74.12 RCW
25 to read as follows:

26 A parent under eighteen years of age is ineligible for aid to
27 families with dependent children if the aid would be for any dependent
28 biological child of the parent and if the parent cannot prove that, on
29 the approximate day of conception, the parent was married. This
30 section does not apply with respect to any child born ten or fewer
31 months before the effective date of this section.

32 NEW SECTION. **Sec. 7.** A recipient of aid to families with
33 dependent children who becomes ineligible for assistance as a result of
34 marriage shall be provided a six-month transition period during which
35 time (1) the recipient's grant shall be reduced proportionally each
36 month and (2) medical benefits shall be continued for the full six-
37 month period.

1 NEW SECTION. **Sec. 8.** A new section is added to chapter 74.12 RCW
2 to read as follows:

3 In the case of any family eligible for aid to families with
4 dependent children by reason of the unemployment of the parent who is
5 the principal earner, the department shall require one parent to
6 participate in a community work experience program for not less than
7 thirty-two hours per week and conduct job search activities for not
8 less than eight hours per week. This section applies only when the two
9 parents are members of the household. This section does not apply when
10 one parent is working a minimum of twenty hours per week.

11 **Sec. 9.** RCW 74.12.420 and 1994 c 299 s 9 are each amended to read
12 as follows:

13 (~~The legislature recognizes that long-term recipients of aid to
14 families with dependent children may require a period of several years
15 to attain economic self-sufficiency. To provide incentives for long-
16 term recipients to leave public assistance and accept paid employment,
17 the legislature finds that less punitive and onerous sanctions than
18 those required by the federal government are appropriate. The
19 legislature finds that a ten percent reduction in grants for long-term
20 recipients that may be replaced through earned income is a more
21 positive approach than sanctions required by the federal government for
22 long-term recipients who fail to comply with requirements of the job
23 opportunities and basic skills program. A long-term recipient shall
24 not be subject to two simultaneous sanctions for failure to comply with
25 the participation requirements of the job opportunities and basic
26 skills program and for exceeding the length of stay provisions of this
27 section.)) In addition to the provisions of this section and sections
28 1 through 6 of this act, the following rules apply to caretakers who
29 were recipients under the aid to families with dependent children
30 program before the effective date of this section:~~

31 (1) After forty-eight monthly benefit payments in a sixty-month
32 period, (including any months in such period falling before the
33 effective date of this section) and after each additional twelve
34 monthly benefit payments, the aid to families with dependent children
35 monthly benefit payment shall be reduced by ten percent of the payment
36 standard(~~, except that after forty-eight monthly payments in a sixty-~~
37 ~~month period, full monthly benefit payments may be made)). However,~~

1 this rule does not apply after such forty-eight monthly benefit
2 payments if:

3 (a) The ((person)) caretaker is incapacitated or is needed in the
4 home to care for a member of the household who is incapacitated;

5 (b) The ((person)) caretaker is needed in the home to care for a
6 child who is under three years of age;

7 (c) There are no adults in the assistance unit;

8 (d) The ((person)) caretaker is cooperating in the development and
9 implementation of an employability plan while receiving aid to families
10 with dependent children and no present full-time, part-time, or unpaid
11 work experience job is offered; or

12 (e) During a month in which a grant reduction would be imposed
13 under this section, the ((person)) caretaker is participating in an
14 unpaid work experience program.

15 (2) For purposes of determining the amount of the food stamp
16 benefit for recipients subject to benefit reductions provided for in
17 subsection (1) of this section, countable income from the aid to
18 families with dependent children program shall be set at the payment
19 standard.

20 (~~(3) ((For purposes of determining monthly benefit payments for two-~~
21 ~~parent aid to families with dependent children households, the length~~
22 ~~of stay criterion will be applied to the parent with the longer history~~
23 ~~of public assistance receipt.))~~ The provisions of this section
24 requiring reduction of benefits do not apply to reduce benefits for any
25 month falling before July 1996.

26 (4) Section 9, chapter 299, Laws of 1994 is of no further effect
27 except as amended by this section and, then, only when this section
28 becomes effective.

29 (5) This section expires on the day when all of section 5 of this
30 act becomes effective.

31 NEW SECTION. Sec. 10. A new section is added to chapter 74.12 RCW
32 to read as follows:

33 (1) The department of social and health services shall adopt rules
34 to carry out the provisions of sections 1 through 6 of this act and RCW
35 74.12.420 and to enforce contracts adopted under section 2 of this act.
36 However, it may not adopt such rules unless it has complied with
37 subsections (2) and (3) of this section.

1 (2) The joint legislative oversight committee, consisting of the
2 house of representatives committee on children and family services and
3 the senate committee on health and long-term care, is created. Within
4 sixty days after the effective date of this section, the department
5 shall submit copies of its proposed rules to the secretary of the
6 senate and the chief clerk of the house of representatives for
7 distribution to the joint committee. The committee shall review the
8 proposed rules and shall provide the department with its objections, if
9 any, to the proposed rules. The committee may not render a decision on
10 a rule unless a quorum is present. A quorum shall consist of at least
11 seventy percent of the members of the committee. Once a quorum is
12 established, a majority of the quorum may render a decision. The
13 committee shall make a decision on the rules within thirty days of the
14 referral by the department.

15 (3) Whenever the committee objects to proposed rules, the committee
16 shall give the department written notice of its findings and reasons
17 therefor. No later than thirty days after receiving such notice, the
18 department shall consider whether to change its proposed rules in
19 accordance with the committee's findings. Any changes to the proposed
20 rules may not be adopted until the proposed rules and the changes have
21 been submitted to the committee and been submitted to the process
22 established in this section.

23 **Sec. 11.** RCW 74.25.020 and 1993 c 312 s 7 are each amended to read
24 as follows:

25 (1) The department of social and health services (~~((is authorized~~
26 ~~to)) shall~~ contract with public and private employment and training
27 agencies and other public service entities to provide services
28 ~~((prescribed or allowed under the federal social security act, as~~
29 ~~amended, to carry out the purposes of the jobs training program. The~~
30 ~~department of social and health services has sole authority and~~
31 ~~responsibility to carry out the job opportunities and basic skills~~
32 ~~training program. No contracting entity shall have the authority to~~
33 ~~review, change, or disapprove any administrative decision, or otherwise~~
34 ~~substitute its judgment for that of the department of social and health~~
35 ~~services as to the application of policies and rules adopted by the~~
36 ~~department of social and health services)) authorized under the~~
37 contract specified in section 2 of this act designed to move recipients
38 of aid to families with dependent children to economic independence.

1 (2) (~~To the extent feasible under federal law, the department of~~
2 ~~social and health services and all entities contracting with it shall~~
3 ~~give first priority of service to individuals volunteering for program~~
4 ~~participation.~~

5 (3)) The department of social and health services shall adopt
6 rules under chapter 34.05 RCW establishing a state plan for the use of
7 job opportunities and basic skills program funds that move recipients
8 of aid to families with dependent children to economic independence as
9 quickly as possible as well as establishing criteria constituting
10 circumstances of good cause for an individual's failing or refusing to
11 participate in an assigned program component, or failing or refusing to
12 accept or retain employment. ((These)) The good cause criteria shall
13 include, but not be limited to, the following circumstances: (a) ((If
14 the individual is a parent or other relative personally providing care
15 for a child under age six years, and the employment would require the
16 individual to work more than twenty hours per week; (b) if child care,
17 or day care for an incapacitated individual living in the same home as
18 a dependent child, is necessary for an individual to participate or
19 continue participation in the program or accept employment, and such
20 care is not available, and the department of social and health services
21 fails to provide such care; (c) the employment would result in the
22 family of the participant experiencing a net loss of cash income; or
23 (d) circumstances that are beyond the control of the individual's
24 household, either on a short-term or on an ongoing basis)) The person
25 is incapacitated or is needed in the home to care for a member of the
26 household who is incapacitated; (b) the person is needed in the home to
27 care for a child under age three; (c) the person is participating in an
28 employability plan and no full-time or part-time job is offered; or (d)
29 the person is participating in a high school, GED, or job specific
30 education and training program.

31 (3) All job search skills training and postsecondary education
32 shall be oriented towards local labor force needs as determined by the
33 department of social and health services in consultation with the local
34 private industry council and the employment security department.
35 Education and skills training shall emphasize basic, secondary, and
36 vocational education. Aid to families with dependent children grants
37 shall be provided to individuals attending a four-year college or
38 university only if it can be demonstrated that it provides the fastest
39 and most efficient path to employment for a particular recipient. Aid

1 to families with dependent children recipients are prohibited from
2 undertaking a postsecondary course of study oriented primarily toward
3 liberal arts.

4 (4) The department of social and health services shall adopt rules
5 under chapter 34.05 RCW as necessary to effectuate the intent and
6 purpose of this chapter.

7 **Sec. 12.** RCW 74.04.005 and 1992 c 165 s 1 and 1992 c 136 s 1 are
8 each reenacted and amended to read as follows:

9 For the purposes of this title, unless the context indicates
10 otherwise, the following definitions shall apply:

11 (1) "Public assistance" or "assistance"«Public aid to persons in
12 need thereof for any cause, including services, medical care,
13 assistance grants, disbursing orders, work relief, general assistance
14 and federal-aid assistance.

15 (2) "Department"«The department of social and health services.

16 (3) "County or local office"«The administrative office for one or
17 more counties or designated service areas.

18 (4) "Director" or "secretary" means the secretary of social and
19 health services.

20 (5) "Federal-aid assistance"«The specific categories of assistance
21 for which provision is made in any federal law existing or hereafter
22 passed by which payments are made from the federal government to the
23 state in aid or in respect to payment by the state for public
24 assistance rendered to any category of needy persons for which
25 provision for federal funds or aid may from time to time be made, or a
26 federally administered needs-based program.

27 (6)(a) "General assistance"«Aid to persons in need who:

28 (i) Are not eligible to receive federal-aid assistance, other than
29 food stamps and medical assistance; however, an individual who refuses
30 or fails to cooperate in obtaining federal-aid assistance, without good
31 cause, is not eligible for general assistance;

32 (ii) Meet one of the following conditions:

33 (A) Pregnant: PROVIDED, That need is based on the current income
34 and resource requirements of the federal aid to families with dependent
35 children program: PROVIDED FURTHER, That during any period in which an
36 aid for dependent children employable program is not in operation, only
37 those pregnant women who are categorically eligible for medicaid are
38 eligible for general assistance; or

1 (B) Subject to chapter 165, Laws of 1992, incapacitated from
2 gainful employment by reason of bodily or mental infirmity that will
3 likely continue for a minimum of ninety days as determined by the
4 department.

5 (C) Persons who are unemployable due to alcohol or drug addiction
6 are not eligible for general assistance. Persons receiving general
7 assistance on July 26, 1987, or becoming eligible for such assistance
8 thereafter, due to an alcohol or drug-related incapacity, shall be
9 referred to appropriate assessment, treatment, shelter, or supplemental
10 security income referral services as authorized under chapter 74.50
11 RCW. Referrals shall be made at the time of application or at the time
12 of eligibility review. Alcoholic and drug addicted clients who are
13 receiving general assistance on July 26, 1987, may remain on general
14 assistance if they otherwise retain their eligibility until they are
15 assessed for services under chapter 74.50 RCW. Subsection
16 (6)(a)(ii)(B) of this section shall not be construed to prohibit the
17 department from granting general assistance benefits to alcoholics and
18 drug addicts who are incapacitated due to other physical or mental
19 conditions that meet the eligibility criteria for the general
20 assistance program;

21 (iii) Are citizens or aliens lawfully admitted for permanent
22 residence or otherwise residing in the United States under color of
23 law; and

24 (iv) Have furnished the department their social security account
25 number. If the social security account number cannot be furnished
26 because it has not been issued or is not known, an application for a
27 number shall be made prior to authorization of assistance, and the
28 social security number shall be provided to the department upon
29 receipt.

30 (b) Notwithstanding the provisions of subsection (6)(a)(i), (ii),
31 and (c) of this section, general assistance shall be provided to the
32 following recipients of federal-aid assistance:

33 (i) Recipients of supplemental security income whose need, as
34 defined in this section, is not met by such supplemental security
35 income grant because of separation from a spouse; or

36 (ii) To the extent authorized by the legislature in the biennial
37 appropriations act, to recipients of aid to families with dependent
38 children whose needs are not being met because of a temporary reduction
39 in monthly income below the entitled benefit payment level caused by

1 loss or reduction of wages or unemployment compensation benefits or
2 some other unforeseen circumstances. The amount of general assistance
3 authorized shall not exceed the difference between the entitled benefit
4 payment level and the amount of income actually received.

5 (c) General assistance shall be provided only to persons who are
6 not members of assistance units receiving federal aid assistance,
7 except as provided in subsection (6)(a)(ii)(A) and (b) of this section,
8 and will accept available services which can reasonably be expected to
9 enable the person to work or reduce the need for assistance unless
10 there is good cause to refuse. Failure to accept such services shall
11 result in termination until the person agrees to cooperate in accepting
12 such services and subject to the following maximum periods of
13 ineligibility after reapplication:

14 (i) First failure: One week;

15 (ii) Second failure within six months: One month;

16 (iii) Third and subsequent failure within one year: Two months.

17 (d) Persons found eligible for general assistance based on
18 incapacity from gainful employment may, if otherwise eligible, receive
19 general assistance pending application for federal supplemental
20 security income benefits. Any general assistance that is subsequently
21 duplicated by the person's receipt of supplemental security income for
22 the same period shall be considered a debt due the state and shall by
23 operation of law be subject to recovery through all available legal
24 remedies.

25 (e) The department shall adopt by rule medical criteria for general
26 assistance eligibility to ensure that eligibility decisions are
27 consistent with statutory requirements and are based on clear,
28 objective medical information.

29 (f) The process implementing the medical criteria shall involve
30 consideration of opinions of the treating or consulting physicians or
31 health care professionals regarding incapacity, and any eligibility
32 decision which rejects uncontroverted medical opinion must set forth
33 clear and convincing reasons for doing so.

34 (g) Recipients of general assistance based upon a finding of
35 incapacity from gainful employment who remain otherwise eligible shall
36 not have their benefits terminated absent a clear showing of material
37 improvement in their medical or mental condition or specific error in
38 the prior determination that found the recipient eligible by reason of
39 incapacitation. Recipients of general assistance based upon pregnancy

1 who relinquish their child for adoption, remain otherwise eligible, and
2 are not eligible to receive benefits under the federal aid to families
3 with dependent children program shall not have their benefits
4 terminated until the end of the month in which the period of six weeks
5 following the birth of the recipient's child falls. Recipients of the
6 federal aid to families with dependent children program who lose their
7 eligibility solely because of the birth and relinquishment of the
8 qualifying child may receive general assistance through the end of the
9 month in which the period of six weeks following the birth of the child
10 falls.

11 (7) "Applicant"«Any person who has made a request, or on behalf of
12 whom a request has been made, to any county or local office for
13 assistance.

14 (8) "Recipient"«Any person receiving assistance and in addition
15 those dependents whose needs are included in the recipient's
16 assistance.

17 (9) "Standards of assistance"«The level of income required by an
18 applicant or recipient to maintain a level of living specified by the
19 department.

20 (10) "Resource"«Any asset, tangible or intangible, owned by or
21 available to the applicant at the time of application, which can be
22 applied toward meeting the applicant's need, either directly or by
23 conversion into money or its equivalent: PROVIDED, That an applicant
24 may retain the following described resources and not be ineligible for
25 public assistance because of such resources.

26 (a) A home, which is defined as real property owned and used by an
27 applicant or recipient as a place of residence, together with a
28 reasonable amount of property surrounding and contiguous thereto, which
29 is used by and useful to the applicant. Whenever a recipient shall
30 cease to use such property for residential purposes, either for himself
31 or his dependents, the property shall be considered as a resource which
32 can be made available to meet need, and if the recipient or his
33 dependents absent themselves from the home for a period of ninety
34 consecutive days such absence, unless due to hospitalization or health
35 reasons or a natural disaster, shall raise a rebuttable presumption of
36 abandonment: PROVIDED, That if in the opinion of three physicians the
37 recipient will be unable to return to the home during his lifetime, and
38 the home is not occupied by a spouse or dependent children or disabled

1 sons or daughters, such property shall be considered as a resource
2 which can be made available to meet need.

3 (b) Household furnishings and personal effects and other personal
4 property having great sentimental value to the applicant or recipient,
5 as limited by the department consistent with limitations on resources
6 and exemptions for federal aid assistance.

7 (c) A motor vehicle, other than a motor home, used and useful
8 having an equity value not to exceed (~~one~~) three thousand (~~five~~
9 ~~hundred~~) dollars.

10 (d) All other resources, including any excess of values exempted,
11 not to exceed one thousand dollars or other limit as set by the
12 department, to be consistent with limitations on resources and
13 exemptions necessary for federal aid assistance. The department shall
14 also allow recipients of aid to families with dependent children to
15 exempt savings accounts with combined balances of up to an additional
16 two thousand five hundred dollars.

17 (e) Applicants for or recipients of general assistance shall have
18 their eligibility based on resource limitations consistent with the aid
19 to families with dependent children program rules adopted by the
20 department.

21 (f) If an applicant for or recipient of public assistance possesses
22 property and belongings in excess of the ceiling value, such value
23 shall be used in determining the need of the applicant or recipient,
24 except that: (i) The department may exempt resources or income when
25 the income and resources are determined necessary to the applicant's or
26 recipient's restoration to independence, to decrease the need for
27 public assistance, or to aid in rehabilitating the applicant or
28 recipient or a dependent of the applicant or recipient; and (ii) the
29 department may provide grant assistance for a period not to exceed nine
30 months from the date the agreement is signed pursuant to this section
31 to persons who are otherwise ineligible because of excess real property
32 owned by such persons when they are making a good faith effort to
33 dispose of that property: PROVIDED, That:

34 (A) The applicant or recipient signs an agreement to repay the
35 lesser of the amount of aid received or the net proceeds of such sale;

36 (B) If the owner of the excess property ceases to make good faith
37 efforts to sell the property, the entire amount of assistance may
38 become an overpayment and a debt due the state and may be recovered
39 pursuant to RCW 43.20B.630;

1 (C) Applicants and recipients are advised of their right to a fair
2 hearing and afforded the opportunity to challenge a decision that good
3 faith efforts to sell have ceased, prior to assessment of an
4 overpayment under this section; and

5 (D) At the time assistance is authorized, the department files a
6 lien without a sum certain on the specific property.

7 (11) "Income"«(a) All appreciable gains in real or personal
8 property (cash or kind) or other assets, which are received by or
9 become available for use and enjoyment by an applicant or recipient
10 during the month of application or after applying for or receiving
11 public assistance. The department may by rule and regulation exempt
12 income received by an applicant for or recipient of public assistance
13 which can be used by him to decrease his need for public assistance or
14 to aid in rehabilitating him or his dependents, but such exemption
15 shall not, unless otherwise provided in this title, exceed the
16 exemptions of resources granted under this chapter to an applicant for
17 public assistance. In determining the amount of assistance to which an
18 applicant or recipient of aid to families with dependent children is
19 entitled, the department is hereby authorized to disregard as a
20 resource or income the earned income exemptions consistent with federal
21 requirements. The department may permit the above exemption of
22 earnings of a child to be retained by such child to cover the cost of
23 special future identifiable needs even though the total exceeds the
24 exemptions or resources granted to applicants and recipients of public
25 assistance, but consistent with federal requirements. In formulating
26 rules and regulations pursuant to this chapter, the department shall
27 define income and resources and the availability thereof, consistent
28 with federal requirements. All resources and income not specifically
29 exempted, and any income or other economic benefit derived from the use
30 of, or appreciation in value of, exempt resources, shall be considered
31 in determining the need of an applicant or recipient of public
32 assistance.

33 (b) If, under applicable federal requirements, the state has the
34 option of considering property in the form of lump sum compensatory
35 awards or related settlements received by an applicant or recipient as
36 income or as a resource, the department shall consider such property to
37 be a resource.

38 (12) "Need"«The difference between the applicant's or recipient's
39 standards of assistance for himself and the dependent members of his

1 family, as measured by the standards of the department, and value of
2 all nonexempt resources and nonexempt income received by or available
3 to the applicant or recipient and the dependent members of his family.

4 (13) For purposes of determining eligibility for public assistance
5 and participation levels in the cost of medical care, the department
6 shall exempt restitution payments made to people of Japanese and Aleut
7 ancestry pursuant to the Civil Liberties Act of 1988 and the Aleutian
8 and Pribilof Island Restitution Act passed by congress, P.L. 100-383,
9 including all income and resources derived therefrom.

10 (14) In the construction of words and phrases used in this title,
11 the singular number shall include the plural, the masculine gender
12 shall include both the feminine and neuter genders and the present
13 tense shall include the past and future tenses, unless the context
14 thereof shall clearly indicate to the contrary.

15 NEW SECTION. **Sec. 13.** Except as expressly provided to the
16 contrary under chapter . . . , Laws of 1995 (this act), the provisions
17 of chapter . . . , Laws of 1995 (this act) shall be prospective only.

18 NEW SECTION. **Sec. 14.** (1) This section and subsection (4) of
19 section 7 shall become effective ninety consecutive days after
20 adjournment of the session at which this act is enacted.

21 (2) Within one hundred twenty consecutive days after adjournment of
22 the session at which this act is enacted, the governor, with the advice
23 of the attorney general, shall determine which, if any, provisions of
24 this act probably would be found to "conflict with federal
25 requirements" under section 15 of this act. Within one hundred fifty
26 consecutive days after adjournment of the session at which this act is
27 enacted, the governor shall formally request the appropriate federal
28 entities or officials to take whatever federal government action (such
29 as an exemption, waiver, amendment, or other form of law or policy
30 change) that is necessary for the provision or provisions not to
31 conflict with such federal requirements.

32 (3) Any provision of this act that requires federal government
33 action in order to avoid a "conflict with federal requirements" under
34 section 15 of this act shall become effective on the thirtieth
35 consecutive day following the effective date of the action. The rule
36 in this subsection applies to any action eliminating the conflict,

1 regardless of whether the action is requested under subsection (2) of
2 this section.

3 (4) The provisions of this act that do not require federal action
4 in order to avoid a "conflict with federal requirements" under section
5 15 of this act shall become effective on the one hundred fiftieth
6 consecutive day after adjournment of the session at which this act is
7 enacted.

8 (5) Those provisions of section 2 of this act not requiring federal
9 action, and therefore effective on the one hundred fiftieth consecutive
10 day following adjournment, shall be applied in the following manner to
11 caretakers receiving assistance on such effective date: The department
12 of social and health services shall provide such caretakers with the
13 opportunity to contract under section 2 of this act. They shall not be
14 considered ineligible as a result of section 2 of this act until they
15 have had this opportunity. This subsection does not affect in any
16 manner whatsoever any caretaker's eligibility, or ineligibility, for
17 continued assistance under any other law or administrative rule.

18 (6) The governor may delegate any of the governor's duties under
19 this section to the secretary of the department of social and health
20 services.

21 NEW SECTION. **Sec. 15.** If any part of this act is found to be in
22 conflict with federal requirements that are a prescribed condition to
23 the allocation of federal funds to the state, the conflicting part of
24 this act is inoperative solely to the extent of the conflict and with
25 respect to the agencies directly affected, and this finding does not
26 affect the operation of the remainder of this act in its application to
27 the agencies concerned. The rules under this act shall meet federal
28 requirements that are a necessary condition to the receipt of federal
29 funds by the state. This term "allocation of federal funds to the
30 state" means the allocation of federal funds that are appropriated by
31 the legislature to the department of social and health services and on
32 which the department depends for carrying out any provision of the
33 operating budget applicable to it.

34 NEW SECTION. **Sec. 16.** The governor shall report quarterly to the
35 appropriate committees in the house of representatives and senate on
36 the efforts to secure the federal changes to permit full implementation
37 of this act at the earliest possible date.

1 NEW SECTION. **Sec. 17.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

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