

HOUSE BILL REPORT

HB 2527

*As Reported By House Committee on:
Human Services*

Title: An act relating to earnings of members of assistance units receiving aid to families with dependent children.

Brief Description: Allowing certain earnings to be retained by recipients of public assistance.

Sponsor(s): Representatives Grant, Moyer, G. Fisher, Neher, Dellwo, R. King, Wineberry, Dorn, Paris, Franklin, Van Luven, Scott, Haugen, Morris, Ludwig, Ogden, Cooper, Pruitt, Hine, Rasmussen and Brekke.

Brief History:

Reported by House Committee on:
Human Services, February 5, 1992, DPS.

**HOUSE COMMITTEE ON
HUMAN SERVICES**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 11 members: Representatives Leonard, Chair; Riley, Vice Chair; Winsley, Ranking Minority Member; Tate, Assistant Ranking Minority Member; Anderson; Beck; Brekke; Hargrove; Hochstatter; R. King; and H. Myers.

Staff: Bonnie Austin (786-7107).

Background:

Under current federal Aid to Families with Dependent Children (AFDC) requirements, \$30 plus one-third of the parent's remaining earned income is disregarded when determining family eligibility for AFDC. The \$30 and one-third earned income disregard expires after four consecutive months of use.

Many families are finding that they are not able to meet their financial obligations under the current AFDC system. The AFDC payment standard in Washington is currently half (52 percent) of the state established standard of need. The typical family of three on AFDC receives a benefit payment of \$531 month, although the state need standard for three is \$1,014.

States may not expand the earned income disregard without first obtaining a waiver from federal requirements.

Summary of Substitute Bill:

The secretary of the Department of Social and Health Services (DSHS) is directed to seek a waiver from federal AFDC earned income disregard requirements. Under the terms of the waiver, one half of the parents earned income will be disregarded in determining family income.

DSHS is required to report to the Legislature on the status of the waiver by December 1, 1992, and report when the waiver is granted.

Substitute Bill Compared to Original Bill: The substitute bill deletes the waiver request relating to the earned income of children. The implementation section is also deleted. Instead, DSHS is required to report back to the Legislature when the waiver is granted.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: AFDC families can't live on their assistance grants and must work to supplement their income. This bill removes the current employment disincentive. Additionally, some families may need their children to work rather than attend school for a while.

Testimony Against: A child's income is already disregarded if the child is in school. This may encourage some parents to force their children to drop out of school and work full time.

Witnesses: Representative Grant, Prime Sponsor; Bernice Morehead, Department of Social and Health Services (oppose); Mary Murphy, League of Women Voters of Washington (support); and Steve Lansing, Lutheran Public Policy Office (support concept, oppose encouraging youths to quit school).