

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1123

H. P. 947

House of Representatives, March 5, 1981

On Motion of Representative Prescott of Hampden referred to the Committee on Appropriations and Financial Affairs. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Beaulieu of Portland.

Cosponsors: Senator Najarian of Cumberland and Representative Murphy of Kennebunk.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Eliminate the Disincentive for Aid to Families with Dependent Children Recipients to Find Employment.

Be it enacted by the People of the State of Maine, as follows:

22 MRSA § 3741, as repealed and replaced by PL 1967, c. 459, § 1, is amended by adding at the end a new paragraph to read:

In calculating grants to eligible recipients, the department shall deduct adjusted income, after appropriate deductions and disregards, from the appropriate need standard prior to the application of a percentage reduction factor or maximum grant level.

STATEMENT OF FACT

This bill will correct a terrible inequity in the Aid to Families with Dependent Children Program which penalizes recipients for working.

Under the current method of calculating Aid to Families with Dependent Children, the grant for a woman with 2 children and \$143 net earnings is calculated as follows:

Standard of need	=	\$415
67% ratable reduction:		280
Subtract net income:		143
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AFDC grant:		\$137
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The Aid to Families with Dependent Children grant for this family goes from \$280 to \$137 because of outside income, under this method.

This bill requires a different method of calculating grants, as follows:

Standard of need	=	\$415
Subtract net income:		143
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Unmet need:		\$272
67% ratable reduction:		\$184
AFDC grant:		\$184
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By changing the method of calculating grants the family's Aid to Families with Dependent Children would not decrease as much, going from \$280 to \$184, thus providing more of an incentive to find outside income.

This bill could also allow a 3rd method of calculating grants, with an even greater incentive for recipients, as follows:

Standard of need	=	\$415
Subtract net income:		143
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Unmet need:		\$272
AFDC grant:		\$272
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- using current
grant maximums

This system provides the greatest incentive to work, because the Aid to Families with Dependent Children grant goes only from \$280 to \$272.

Both alternatives suggested by this bill only provide incentive, through smaller cuts, to those with outside income. Grants of recipients not working are in no way affected by the intent of this change and implementation by the Department of Human Services will assure that.