

# MAINE STATE LEGISLATURE

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FINAL REPORT  
OF THE COMMISSION TO EVALUATE  
THE ADEQUACY OF THE AID TO FAMILIES  
WITH DEPENDENT CHILDREN  
NEED AND PAYMENT STANDARDS  
FEBRUARY, 1990

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**MAINE STATE LEGISLATURE**  
**Augusta, Maine 04333**

**COMMISSION TO EVALUATE THE ADEQUACY OF THE  
AID TO FAMILIES WITH DEPENDENT CHILDREN NEED AND PAYMENT STANDARDS**

March 5, 1990

Members of the 114th Maine Legislature  
State House  
Augusta, Maine 04333

Dear Members:

The Commission to Evaluate the Adequacy of the Aid to Families with Dependent Children Need and Payment Standards is pleased to submit the attached report of our work. While the financial needs of the Aid to Families with Dependent Children population are great, resources to meet these needs are scarce and AFDC families must compete with many and varied interests for these resources. The Commission considers the basic human needs of food, clothing and shelter to be of the highest priority.

The Commission recognizes that fully meeting these needs in 1990-91 is cost prohibitive, but believes that there are some immediate steps that can be taken in this direction. At the same time, this report sets long term goals.

Our recommendations to you follow in this report.

I would like to thank the members of the Commission and those who appeared before the Commission for their help in completing this report. In particular, I would like to thank the Aid to Families with Dependent Children recipients who gave of their time to help this Commission understand how the AFDC program works and how it affects their lives. In advance, my thanks to the members of the Maine Legislature for their consideration of the issues facing these Maine citizens and the Commission recommendations.

Sincerely,

A handwritten signature in dark ink, appearing to read "N. Paul Gauvreau", written over a horizontal line.

Senator N. Paul Gauvreau

NPG/cd

Attachment



FINAL REPORT  
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THE ADEQUACY OF THE AID TO FAMILIES  
WITH DEPENDENT CHILDREN  
NEED AND PAYMENT STANDARDS  
FEBRUARY, 1990

## MEMBERSHIP OF THE COMMISSION

Senator N. Paul Gauvreau, Chair

### Representation from the Human Resources Committee

Senator N. Paul Gauvreau  
Representative Christine F. Burke

### Representation from the Appropriations and Financial Affairs Committee

Senator Michael D. Pearson  
Representative Lorraine Chonko

### Representation from the Maine Municipal Association

Linda Fossa, Welfare Director, City of Waterville

### Representation from the Department of Human Services

Nancy Longfellow, Program Director, AFDC

### Representation from the private, non-profit agencies providing services to AFDC recipients

Marilyn Cameron, Penquis CAP

### Representation from AFDC recipients

Diane Gower, Auburn, Maine  
Bernice Rogalinski, Dover-Foxcroft, Maine  
Julie Firestone, Fort Kent, Maine

### Representation from licensed social workers

Kathy Klein-Pickering, Community Health and Counseling Services, Millinocket, Maine

### Representation from the academic discipline of social work

Professor John Romanyshyn, Peaks Island, Maine

### Representation from the AFDC Advisory Council

Kathy Moore, Waterville, Maine

### Staff

Barbara Feltes, Department of Human Services

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## INTRODUCTION

The Maine Legislature is regularly presented with decisions regarding the funding of the Aid to Families with Dependent Children (AFDC) Program. This program, which serves mostly women and their children, is structured by federal rules and laws. The funding of this program is, however, in the hands of the State Legislature. State appropriated money is matched federally (for FY'91 at the rate of 64% to 36%). The funds appropriated then determine the income limits of the program and the amount of benefits provided.

The AFDC Program is very complex in it's federal rules and regulations and very controversial in terms who it does or does not serve, how it is administered and whether it is successful.

In an attempt to gain a better understanding of the adequacy of this program in meeting the cost of basic necessities and to enact legislation that will build a program responsive to the needs of Maine citizens, the 114th Maine Legislature created the Commission to Evaluate the Adequacy of the Aid to Families with Dependent Children Need and Payment Standards.

The Commission was charged with the following duties:

1. Determine an amount that represents the actual cost to low-income families of purchasing basic necessities on a monthly basis and specify the methodology by which that determination has been made;
2. Examine the adequacy of the current Aid to Families with Dependent Children need and payment standards to enable families to purchase the basic necessities; and,
3. Recommend legislation which establishes a reasonable method, taking advantage of federal financial participation, and a timetable for assuring that recipients of Aid to Families with Dependent Children benefits receive sufficient income on an annual basis to meet their expenses for basic necessities.

The Commission reviewed the relevant laws and regulations. The Commission held public hearings in Presque Isle, Bangor, Augusta and Portland to receive testimony from General Assistance administrators, AFDC recipients, private non-profit agency representatives and the general public. The Commission met with representatives from the Maine State Housing Authority, the Division of Community Services, the Maine Child Care Coordinating Committee and the Department of Human Services.

This report contains the findings and recommendations of the Commission to Evaluate the Adequacy of the Aid to Families with Dependent Children Need and Payment Standards.

## I. THE ADEQUACY OF AFDC

The clear and resounding conviction of all those who wrote or testified at public hearings of the Commission is that AFDC benefits are indeed not adequate to meet the cost of basic necessities. This position was unconditionally and unequivocally expressed by all people participating in the work of the Commission. This includes State and local administrators and public officials, the general public and those people who depend on the AFDC Program as their main source of income.

There is some disagreement among the parties involved on how the AFDC Program should be administered but there was no disagreement on the question of adequate program benefits.

The Commission looks to the recipients of AFDC to explain how they manage basic expenses with the income they do have. Listening to the response in public hearings uncovered a list of unmet needs. The needs identified by AFDC recipients are not new or different. They are common human needs.

### A. HOUSING

In all areas of the State and of all needs identified housing was a need identified most clearly and consistently. The maximum grant for a family of three (3) as of January, 1990, is \$453.00 per month. The Statewide average cost of a two (2) bedroom unit including utilities according to the Maine State Housing Authority is \$469.00. It is estimated that 12% of AFDC families live in subsidized housing. The vast majority must therefore compete in the open market for a safe and affordable place to live. In doing so they depend on sharing housing with friends and relatives and on local welfare departments. In order to obtain help from local welfare departments it is usually necessary for the AFDC recipient to spend her total check on rent and then look to the city or town to pay the remainder of her rent as well as to help her out with other costs of living throughout the month. This means that the family can be without cash for the month.

Perhaps housing was the most commonly mentioned because it is a cost that is unavoidable. You can go without food for a few days, you can go without medical attention or you can walk instead of driving your car but having a place to live is number one in importance. Payment of rent becomes a monthly calamitous act when doing so results in a lack of cash for food, clothing, laundry detergent, gas for the car, and other basic necessities which non-AFDC people take for granted.

According to the Maine State Housing Authority there was a waiting list of 2,500 households for subsidized housing as of September, 1989. As there is less Federal money available for developing affordable and safe housing, the housing crunch becomes more pressing for low-income people. According to a recent study Maine has the second worst problem with housing in the country after Massachusetts. Only 40% of low-income people can afford to rent a two bedroom apartment. Since 1970, income in the State of Maine has gone up 190% but yet the cost of rental housing has increased 360%. \*

\*"Out of Reach - Why Every Day People Can't Find Affordable Housing"; Low Income Housing Information, Washington, D.C., 1989.

#### B. FOOD

Food is an area of unmet need for many AFDC recipients. It is unmet because the adults sometimes go without food for two (2) or three (3) days a month and/or live for weeks on macaroni, peanut butter or other cheaply available food. An AFDC family of three (3) receiving \$438.00 a month in AFDC receives \$189 a month in Food Stamps. With the AFDC check insufficient to pay rent, the family depends completely on their food stamps to purchase food. \$189 per month is insufficient to purchase adequate food for the month for a family of four (4) and therefore families go without eating and depend on relatives, soup kitchens, and when available, surplus food.

#### C. HEAT

The cost of heat, like the cost of housing absorbs the resources of AFDC clients and local welfare offices. Additionally recipients depend on the HEAP and the Emergency Assistance Program to meet the cost of heat. Often, apartments available to AFDC recipients use electric heat - the most expensive form available -- thus, huge heating costs further deplete their limited supply of money.

#### D. MEDICAL

The need for adult dental care is an area that was commonly identified by recipients. Cosmetic and elective type work was not an issue. When your teeth are rotting it's difficult to get a job where you deal with the public let alone keep one. Not only do people look bad but they are in pain. There are some clinics available but unless the dental problems are a medical emergency people must wait months in order to get problems corrected. Pulling teeth and not replacing them solves one problem but creates another. The other medical problem identified by AFDC recipients is the lack of physicians available who accept Medicaid. As physician fees for Medicaid become more out of line with private pay fees fewer physicians are willing to treat Medicaid recipients. This affects not only AFDC recipients but other recipients of Medicaid such as the elderly and children of non-AFDC low-income families.

#### E. TRANSPORTATION

The usual and customary means of transportation in the State of Maine is private automobile. In some cities there is public transportation available but this is the exception rather than the rule. Even when it is available it is inadequate in terms of bringing a child to day care in the early morning hours and at night when returning from work. Transportation problems for AFDC recipients exist because they are unable to afford to purchase and maintain reliable vehicles or the mandatory liability insurance. They cannot afford to purchase a car of any value therefore they are constantly faced with cars that are unreliable and have repair bills. They cannot afford to put gas in their car. If, in combination with other assets, the net worth of a vehicle is over \$1,000 the family becomes ineligible for AFDC. Unreliable transportation means an unreliable employee. Mainers depend so very much on the private automobile that, not having one, or not being able to maintain one, actually costs more money in the long run. It means, among other things, that you have to buy groceries from the corner store which generally has higher prices than larger supermarkets and you have to make more frequent trips because you can't carry many purchases or you have to pay a taxi for transport.

#### F. CLOTHING

AFDC recipients emphasized the need for clothing for their children rather than themselves. In particular they identified the need for warm clothing for long winter months that would not make their children stand out as different from other children in going to school. Purchasing a winter outfit of boots, pants, jackets, hats, mittens, can not be done cheaply even at discount stores. In particular, it is not affordable if all your cash goes to rent.

#### G. SCHOOL EXPENSES

This is an area of unmet need that was mentioned in all the areas of the State. Parents mentioned expenses such as school pictures, book bags, clothes and outfits both required by school and those not required by official policy but by unofficial peer pressure. Parents identified the need for clothing and, beyond this, the need for their children to look like other kids at school and not to stand out as being "poor".

#### H. THE EFFECT OF ONE BENEFIT PROGRAM ON ANOTHER

The programs and benefits that are available to low income people and AFDC families in particular have an adverse affect on one another. Programs are started with seemingly little understanding of what will be their impact. As AFDC benefits are increased food stamps benefits, already inadequate, are further decreased. If a person is in subsidized housing the cost of housing increases. As people obtain income from wages their AFDC grants are decreased. Although there is some leeway in terms of what a person can earn before their AFDC is decreased, for many families this is not enough leeway considering the cost of child care and other work related expenses. The amount of income a person has from AFDC and wages also effects their eligibility for HEAP.

The other major problem with these programs is the fact that they are administered by a variety of agencies in a variety of locations. Applicants need to appear in person. Many require the same basic information. It means taking the children with you or paying for child care. It means having reliable transportation and/or a telephone.

#### I. INFORMATION

Despite the contact which AFDC recipients have with the variety of agencies most felt ignorant about all the resources that were available. They had misconceptions about what was available and how to get it. This included a lack of information about how their AFDC grants are determined and how working would affect their benefits. Recipients felt that AFDC workers could be a better source of information and referral about community resources. By design or necessity AFDC workers as well as staff of other program areas tend to concentrate on eligibility for their own program to the neglect of helping people assess all areas of need and making appropriate referrals.

## J. BASIC NEEDS

A basic need is not just food on the table. There are numerous day to day expenses that AFDC families identified as having to do without. Basic needs commonly include the ability to buy birthday gifts for children as well as Christmas gifts. It includes the ability to purchase household cleaners to keep the house clean as well as laundry detergent to keep clothes clean. It includes the ability to do a washing when a washing needs to be done rather than having to economize by doing a washing once a month or less because of lack of laundry detergent, lack of gas for the car or the inability to get to the Laundromat because the car is unreliable. Because they cannot afford a large wardrobe, laundry needs to be done more frequently rather than less frequently. Basic needs means that a family should be able to give children the \$15.00 it costs to go on a class field trip, to buy paper for school work as well as school pictures.

## K. ATTITUDES

Despite the image of the poor family who does not have much yet works hard for what they do have and has the respect of the community, an attitude of respect is too often missing on the part of the people of the State of Maine toward AFDC recipients. Although "coming from poverty" is worn as a merit badge by some people it is not a happy and envious state of affairs. AFDC parents pointed out incidents where children bear the hardship of mistreatment. This included an incident where a child was publicly berated by a teacher and principal for getting free school lunches. It includes a school where a student was threatened with detention if he did not come with acceptable clothing for gym. It includes situations where adults who are students get treated as if they are on "easy street" when in fact they are working to be self-supporting in the future. Attitudes become institutionalized when AFDC recipients are required by AFDC program policy to report the same information month after month and to provide third party verification for every piece of information they provide as if nothing they say can be trusted. Attitude is institutionalized when an AFDC recipient is made to wait three (3) hours outside the town official's office in order to ask for help with the heat bill.

AFDC parents did not speak to these situations in order to point the finger at others. Rather they were brought up as a realistic part of life with which they must deal because they have inadequate resources to meet the basic necessities.

This list of unmet needs is not exhaustive. The list is as long and varied as there are occasions for people who are without cash to be confronted with such every day needs as toilet paper, toothpaste, or soap.

Although the more fundamental needs are identified here, it is oftentimes the inability to obtain day-to-day necessities that can eat away at a person's dignity. Sometimes it is more humbling to ask for help to pay for personal hygiene items than it is to ask for help to pay the rent. Sometimes it is more anguishing to say "no" to your child who wants a new pair of sneakers for school (which must be done) than it is to say "no" to the electric bill (which cannot be done).

The Commission would like to acknowledge the honest and forthright public testimony that was given by AFDC recipients. The Commission realizes that it is difficult enough to quietly and privately bear the distress and pressures of being poor without baring oneself in public, describing the adversity, the humiliations and the sacrifices one must endure, thus, opening oneself up for public view and scrutiny and exposing the guilt any parent carries, justly or not, in being economically dependent. In their doing so, the Commission recognizes the unrelenting determination of AFDC recipients to provide more opportunity for their children and a better life for their families.

## II. HISTORY

The AFDC program has its historic roots in the early English Poor Law of 1601 which the American colonists adopted as their approach to caring for the needy. Except as modified by the Mothers' Aid movement and the movement for old age pensions in the early twentieth century, the principles of the English Poor Law provided the basic framework of public poor relief in the U.S. until the Great Depression of the 1930's. That cataclysmic event forced us to recognize the need for new ways to provide for income security against the hazards of industrial life against which individuals are helpless. The Poor Law established for the first time public responsibility to care of the destitute but it did so by institutionalizing the distinction between the "worthy and the unworthy poor". This invidious way of categorizing the poor has continued to characterize our approach to those in need, assigning blame to the able-bodied dependent population irrespective of the actual opportunities for employment and self-reliance that may be available. The social pension movement of the early 1900's sought to remove widows with dependent children (and in some states all families without a male breadwinner) as well as the elderly from reliance on stigmatized and restricted poor relief by granting regular benefits without pauper status to individuals who clearly could not be expected to be self-supporting. The Mothers' Aid (at times also referred to as Mothers Pensions) movement was stimulated by the 1909 White House Conference on Children called by President Teddy Roosevelt. That historic Conference declared that children should not be separated from their mothers for reasons of poverty alone and urged a regular benefit to enable families to remain together in the absence of a male breadwinner. In response, the first state-wide Mothers' Aid Program was established in 1911. In 1917 Maine joined approximately 20 other states in adopting a similar plan of assistance. In 1931, only 4 states were without Mothers' Aid legislation, the forerunner of the program we now call AFDC.

The AFDC Program, modeled to some extent on Mothers' Aid, was created by the U.S. Congress in 1935 as part of the original Social Security Act. Title IV of that Act enabled states to furnish with the help of Federal grants-in aid, financial assistance to children deprived of parental support by reason of death, continued absence from the home, or disability. Along with Old Age Assistance and Aid to the Blind, it was one of the three categorical public assistance programs provided in that omnibus social legislation that established the foundation of our current social welfare system. Aid to the Permanently and Totally Disabled, the fourth categorical assistance program was established in 1950. A measure of the relative inattention Congress paid to ADC (so-called until changed to Aid to Families with Dependent Children in 1950 or AFDC) was the fact that it took fifteen years after the original establishment of the program for Congress to recognize the mother as eligible for a "caretaker" benefit. Originally grants were provided only on the basis of the number of eligible dependent children.

In 1972 Congress federalized all assistance to the adult unemployable poor by combining relief for the aged, blind and disabled into a new Supplemental Security Income Program, SSI, which became fully effective in January of 1974. In this way the nation's first "guaranteed income" (although at a minimal level) was established for those viewed as outside the labor force and thus among the "deserving poor". By this time, largely as a result of the vast increase in the number of mothers working outside the home, women and their

children in families without a male breadwinner, were no longer considered as legitimately dependent, a view quite different from the way the typical ADC recipient was initially regarded. Originally ADC mothers were thought of primarily as "worthy widows" who ought to remain at home to care for children and to prevent the danger of juvenile delinquency that was presumed to be associated with wage-earning mothers whose children were not properly supervised. At the same time, "welfare" for dependent children it was assumed would gradually "wither away" as families of deceased breadwinners became increasingly eligible for survivors insurance under the "Social Security" program. No one predicted the major increase in divorce, separation, and unmarried motherhood that was to transform the American family and convert some many single parents and their children into "welfare recipients". While families of a deceased breadwinner covered under Old Age and Survivors Insurance are reasonably well protected (average benefits are at least twice that of average AFDC grants for families of equivalent size), children at risk of dependency because of a basic transformation in the structure of American families have no comparable safety net that is both relatively adequate and non-stigmatizing.

Since its enactment in 1935 the AFDC Program has undergone constant change as a result of both congressional action and initiatives on the part of the Maine Legislature. The most drastic revision of its goals and structure in the past half century was produced by the national Family Support Act of 1988. Briefly AFDC has evolved from a purely income maintenance program, to one that attempted to stress rehabilitation of families through social services in 1962, to a modest work-oriented effort by way of WIN (Work Incentive Program) in 1967. Major emphasis on parental obligations to work and support dependent children with a corresponding social obligation to provide education, training and supportive services to facilitate economic independence has characterized the most recent changes, through ASPIRE at the state level and through the federal Family Support Act.

Over the years eligibility has sometimes been expanded as in the case of a State option to add two parent families with an unemployed parent (adopted by the Maine Legislature in 1985, and made mandatory in the Family Support Act of 1988). At times depending on the political climate, eligibility as well as benefits have been restricted. The 1981 Omnibus Budget Reconciliation Act made the most severe cuts in the program in recent years, limiting income eligibility and restricting the extent to which employed single parents could take advantage of a work incentive income disregard that had characterized the program from 1967 until 1981.

At the same time the Maine State Legislature has been more sensitive to the need of AFDC recipients than is true for lawmakers in many other states. The restrictive federal legislation of 1981 was to some extent modified in the interest of recipients, especially those with earned income. By increasing the Need Standard the Maine Legislature enabled working recipients to retain a larger portion of their earnings without corresponding reduction in benefits. Though AFDC benefits throughout the nation have declined over a third due to inflation since 1970, as a result of a series of increases enacted by the Maine Legislature, benefits in Maine have kept pace with the Consumer Price Index (but not with the extraordinary increased cost of housing in some parts of the State). Even though AFDC cash benefits in Maine as a percent of the official poverty line are somewhat higher than in the median state (56% as opposed to 46%) they still equal little more than half the national standard that determines who is defined as poor. Despite major changes in the history of the program, to be "on welfare" is still to be below the poverty line and to be outside the mainstream of society.



#### A. PROGRAM RULES

Income, assets, residence, identity, social security number, deprivation (absence or unemployment of one parent) are initially documented and verified and done so periodically (usually every 6 months) as long as eligibility exists. Aside from the routine total review of eligibility, income and assets are given special attention. The matching of AFDC computer files with those of various other sources provide special information on AFDC eligibility. Among these matched are:

- The employment office identifies AFDC recipients who have a present or past wage earner, the place of employment and the amount of wages. This is done quarterly for all recipients and can be requested individually as needed,
- A computer match shows which AFDC recipients are receiving unemployment benefits and the amount of such benefits. This is done on a weekly basis,
- IRS files are matched with AFDC files to identify any reports of interest income,
- IRS files provide information on income from self-employed recipients or those who have out-of-state income,
- Bank matches compare AFDC recipients for the presence of checking or savings account and the amount of such a account.

Up until 2/90 all AFDC recipients who are working are required to report monthly, in writing, the exact amount of the previous months wages along with documentation of this amount (usually wage stubs). As of 2/90, wages will be reported at the time of the routine review or as the changes occur.

Eligibility is examined not only by an assigned case worker but by an independent quality control system. Families are selected at random for an indepth review of eligibility including a home visit and third party verification of all eligibility criteria. The result of this sample, which is statistically valid, is projected for the entire case load. This is done twice a year and is used as Maine's official "error rate," used by the federal government to invoke penalties if the error rate is not within acceptable range. It is also used as the basis for corrective action to improve operations.

Any family who is over paid - whether this is due to an agency or client error - is required to repay the total amount in error by a check reduction. Ineligible families incur the incorrect payment as a debt which is repaid by check reduction should they again become eligible, voluntarily by repayment, or, in the case of fraud, by order of the court.

The following is a listing of all eligibility factors that must initially and on an ongoing basis be met in order to receive AFDC benefits.

1. Death or continued absence from the home of one parent because of divorce, separation or unwed parenthood or because one parent is in jail, disabled, unemployed or confined to a hospital.

2. The presence in the home of a child under the age of 18 or up to age 21 if a full time student not yet graduated from high school.
3. Residence in the State of Maine.
4. All recipients must be citizens of the United States or lawfully admitted aliens.
5. The people receiving AFDC may not receive SSI at the same time.
6. Legal parents or specified relatives must apply on behalf of the children in the home.
7. Each applicant and recipient (including children) must provide a social security number or proof of application for one.
8. Each recipient must assign to the Department of Human Services their rights to child support from any other person.
9. The parent must cooperate with the Department of Human Services in identifying and locating the absent parent and in establishing paternity of children born out of wedlock.
10. The parent must register for training and/or employment with the A.S.P.I.R.E. Program if the youngest child is age 6 or older.
11. Each recipient must assign to the Department of Human Services any rights to payment for medical care from any third party and cooperate in obtaining medical support or payments.
12. Assets must be under \$1000 for the family.
13. Income from wages, Social Security, V.A. or any other source must be under the limits for the appropriate family size.
14. Up until 3/90 recipients must report all wages in writing on a monthly basis and provide documentation of those wages.

B. THE APPLICATION PROCESS - WHO RECEIVES AFDC

Attached is an AFDC application form which is also used to apply for Food Stamps. The application must include a personal interview, usually at the local Department of Human Service's office or outreach site. For a first time applicant this process takes approximately 1 hour. On the average, it takes 2 1/2 weeks to obtain a decision on eligibility. If eligible, it takes an added 4 - 6 weeks before the first AFDC check is received. The average AFDC monthly check amount for 1/90 is \$360.96.

The Department of Human Services receives 400 applications per month Statewide, approving 69%. 33% are new applications, 67% are reapplications.

According to an 11/87 AFDC Caseload Characteristic Study completed by the Department of Human Services:

1. Family composition. The average family size is 2.8 people made up of 1 adult and 1.8 children. 88% of AFDC cases include 1 adult with the children. 4% of AFDC families are eligible because there is an unemployed parent in the home.
2. Length of time on AFDC. 29% of AFDC families have been receiving AFDC for 1 year or less. 46% from 1 - 5 years and 25% for 5 years or more.
3. Employment Status. 23% of families had earned income. 7% had income from another source (Social Security, V.A., Unemployment benefits). 70% had no source of income other than AFDC.
4. Age of AFDC mothers.
  - 5% under age 20
  - 21% age 20-25
  - 58% age 25-39
  - 12% age 39-49
  - 4% age 49 +
5. Age of AFDC children.
  - 6% under age 1
  - 27% age 1-4
  - 47% age 4-12
  - 20% age 12-17
  - 1% age 17 +
6. Reason for deprivation.
  - 56% divorce or separation
  - 34% parents unmarried
  - 6% disability of 1 parent
  - 4% unemployment of 1 parent

As of 1/90 there are 52,149 people receiving AFDC in Maine. This is 4.3% of the total population. There are 33,020 children receiving AFDC who represent 10.7% of all Maine children under age 18.

### III. HOW ARE BENEFITS DETERMINED IN THE AFDC PROGRAM

#### A. GRANT AMOUNT

The dollar amount of an AFDC benefit check is determined by comparing net income to three sets of figures-the Full Need Standard (FNS), 185% of the Full Need Standard and the Maximum Grant. It is the Full Need Standard and Maximum Grant items that the Commission is charged with examining. First, a brief explanation of how benefits are determined using these items.

Based on dollars appropriated by the Maine Legislature, the FNS and Maximum Grant amounts are set by family size. The FNS effective 1/90 is \$652/mo, the 185% figure is \$1206/mo., the Maximum Grant is \$453/mo for a family of 3.

1. Gross monthly income from all sources (such as Social Security, unemployment benefits, etc) must meet the "185% test" or be under \$1,206 per month.
2. Net income is compared to the FNS.  
The deductions from earnings include:
  - a. \$90 per month for work related expenses,
  - b. \$30 1/3 work incentive,
  - c. Child care cost up to \$200 per child per month for children under age 2 and up to \$175 per child per month age 2 and over.

The 30 1/3 disregard is a work incentive disregard of earnings mandated by federal regulations. \$30 plus 1/3 of the remaining earnings are disregarded when determining eligibility. When applying for AFDC, people must be eligible without this disregard before they can receive it. It is used for the first 4 months of employment only, then reduced to \$30 for 8 months. The disregard is then removed completely.

3. If net income is under the Full Need Standard, the family is eligible for benefits equal to the difference between net income and the Full Need Standard up to the Maximum Grant amount.

For example, a family of 3 is receiving AFDC and the parent gains employment earning \$4.50 per hour. Full Need for a family of 3 is \$652/mo. Maximum Grant for a family of 3 is \$453/mo., 185% is \$1206

$\$4.50/\text{hr.} \times 40 \text{ hrs/week} = \$180/\text{week} \times 4 \text{ weeks} = \$720/\text{mo.}$  (gross wages/mo.)

1. 185% test is met since gross monthly income is under \$1206.
2. Arrive at net monthly income

\$720	
- 90	(standard deduction)
630	
- 30	
600	\$30 1/3 deduction
-200	
400	
-300	(actual child care for 2 children over age 2)
\$100	net income

3. Compare net income to FNS

\$652 FNS  
-100 net income  
\$552 deficit

4. The grant amount is \$453 or, the difference between the FNS and net income (deficit) up to the Maximum Grant. \$453 is the Maximum Grant for a family of 3.

B. UNMET NEED

This example illustrates the "unmet need", which in this case, is \$99.00 per month - the difference between the grant (\$453) and the deficit (\$552). In this example, a family can have another \$99.00 per month net income before their grant is decreased.

For a family of 3 with zero net income, the unmet need is \$199.00 per month (\$652 - \$453).

The significance of the "unmet need" is that the larger the unmet need the more net income can be retained without effecting the grant amount, thus allowing AFDC recipients to have more disposable income.

The size of the unmet need is determined by the gap between the Full Need Standard and the Maximum Grant amount.

If the FNS for a family of 3 was \$838/mo. (the 1989 poverty level) and the Maximum Grant remained the same, the unmet need would be \$385. This would allow net earnings of \$385 a month before a grant was affected. The current unmet need for a family of 3 is \$199 per month.

C. WHY IS THERE BOTH A FULL NEED STANDARD AND MAXIMUM GRANT?

In 1969 the Federal Government required each state to identify by dollar amount what it recognized as the full cost of meeting basic need (FNS) and what amount it would authorize as payment to meet this need. The State of Maine used current cost figures based on studies done by the Department of Labor, Bureau of Labor Statistics. Up until 1982, the B.L.S. published annual costs of living for Lower, Intermediate and Upper budget levels. These cost estimates were based on actual surveys that were done in various locations. A maximum grant was set according to the dollars appropriated by the legislature for the AFDC Program.

Over the years both the Full Need Standard and the Maximum Grant figures have changed as the Maine Legislature has appropriated more money. Recent changes are as follows:

<u>DATE</u>	<u>INCREASE IN FULL NEED STANDARD</u>	<u>INCREASE IN MAXIMUM GRANT</u>
10/85	5%	5%
1/87	4%	4%
1/88	2.5%	2.5%
1/89	10%	5%
1/90	3%	3%

D. WHAT DOES THE FULL NEED STANDARD COVER

The full need standard as used in Maine covers expenses for 5 items: food, housing, clothing, personnel care, other family consumption. The following identifies what each of these items includes and the dollar amount allocated on a monthly basis.

AFDC Requirements Included in Basic Cost Chart

Family of  
3-Monthly  
amount

Item

<u>\$260</u>	<u>Food:</u>	includes an allowance for all food eaten at home, lunches eaten at work, lunches at school and snacks.
<u>\$208</u>	<u>HOUSING</u>	includes either a payment for rent or home ownership costs including taxes, mortgage payments, insurance, property maintenance, heating fuel, water, electricity, gas, refuse, disposal, allowances toward household textiles (sheet, towels, etc.), furniture and appliance replacement, houseware, laundry and cleaning supplies, paper products, service and telephone at the basic rate.
<u>\$98</u>	<u>CLOTHING</u>	includes allowances for all seasons basic inner and outer clothing, undergarments, footwear, dress and work clothing, cleaning and pressing services and shoe repair.
<u>\$34</u>	<u>PERSONAL CARE:</u>	includes allowances for haircuts, some hair products and toothpaste, shaving cream, shampoo, etc.
<u>\$52</u>	<u>OTHER FAMILY CONSUMPTION:</u>	includes general allowances for newspapers, magazines, some movie admissions, and allowances for participation in sports, hobbies and other recreation.
<u>\$652</u>	<u>TOTAL</u>	

#### IV WHAT DOES IT COST TO PURCHASE THE BASIC NECESSITIES

There is no one commonly accepted figure for what it costs to purchase basic necessities in Maine or in the United States. There are different methods of measurement from different sources that are outlined here.

##### A. FULL NEED STANDARD USED BY THE STATE OF MAINE

This standard is what the State, officially, recognizes in the AFDC Program as the cost of living for low income families. The Full Need Standard was used initially in the late 1960's and was based on the Department of Labor, Bureau of Labor Statistics Data on the cost of living at that time for a Lower budget family. It has been revised since then by appropriations from the Maine Legislature. Effective 1/90 the Full Need Standard is \$652 per month or \$7,824 per year for a family of 3. This is unquestionably unrealistic by any standard.

##### B. MARKET BASKET SURVEY

This is the most thorough and accurate method of establishing a Need Standard, it is also the most time consuming and most costly. It requires professional staff to make a detailed identification of which items should be included in this survey to establish the cost of a Need area, for example, for food, which brands of frozen, canned, or fresh foods should be part of the survey and also obtaining the actual prices for all these items by going to stores. There is no market basket survey for the State of Maine. This method was used by the Bureau of Labor Statistics when they were producing annual costs of living.

##### C. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, STANDARDS FOR LOWER, INTERMEDIATE AND UPPER INCOME FAMILIES

1982 was the last year that the Bureau of Labor Statistics produced these annual figures. Updating the 1982 survey by estimating the cost-of-living increases since then results in a monthly need of \$921.00 or \$11,052 per year for a family of 3. Until 1982 the Bureau of Labor Statistics determined annually the cost-of-living needs for a Lower, Intermediate and Higher budget family in different cities in the United States, including Maine (Portland). These figures were based on a cost survey conducted in those particular cities. It included expenses for food, housing, transportation, clothing, personal and medical care, recreation, Social Security tax and other taxes. These items were priced for urban and farm communities and weighted by the number of adults and children and their ages.

##### D. THE FEDERAL POVERTY LEVEL

This is an annual figure that continues to be published by the U.S. Department of Health and Human Services, usually in February or March. This figure is used widely by various programs as an income guideline. Either 100% of the poverty level is used or variations of this figure such as 125% or 150% are used.

The poverty level was first drawn up by the Social Security Administration in 1964. It was based on a 1955 survey of food consumption that established the average family spent 33% of its income for food. It multiplied the cost of an economy food budget by 3 to get the poverty level. Since 1964 this base figure has been updated annually by the cost of living.

For 1989 the poverty level for a family of 3 is \$842.00 per month or \$10,056 per year. Despite the wide spread use of the poverty level figure it is obvious that the basis for this estimate is flawed. It does not take into account actual expenses for specific basic necessities nor is it targeted to local or even regional variations. Additionally it is currently estimated that low income families spend as little as 20% of their income on food.

E. TESTIMONY OF RECIPIENTS

Some AFDC recipients at the request of the Commission estimated the annual cost to cover basic necessities. The responses we received were in the range of \$667 per month to \$1,000 per month for a family of 3 or \$8,000 to \$12,000/year.

F. OTHER

There are various agencies that independently estimate the cost of different necessities such as food, housing, or utilities that have validity on a local, regional or national basis. For example,

1. Maine State Housing uses a Fair Market Rent amount that varies throughout the State. This amount includes utilities and range from a high of \$647/mo. for a 2-bedroom apartment in Cumberland County to a low of \$367/mo. for a 2-bedroom apartment in Piscataquis County.
2. Maine Municipal Association uses this Fair Market Rent amount in its Model Ordinance minus the cost of utilities and heat. It recognizes what it considers a more realistic utility expense of \$55/mo. for a family of 3 and heating costs (September - May) of \$1,300 or \$145/mo.
3. The U.S. Department of Agriculture, through its Food Stamp Program sets the cost of a "thrifty food plan" for a family of 3 at \$260/mo.



## V. STATE OPTIONS

### A. INCREASE THE FULL NEED STANDARD AND/OR MAXIMUM GRANT

The area in which States have the most discretion is in the area of program funding. The federal government will match on a 64% to 36% basis any state funds that are expended for AFDC benefits.

The State Legislature, in it's funding, decides what the percentage of increase to the standards will be. The Full Need Standard identifies the income limit for eligibility. The Maximum Grant identifies the maximum benefit a family could receive if eligible.

1. Increase the Full Need Standard only. This would have the following impact.
  - a. more people would become eligible as the income limit is raised,
  - b. higher Medicaid costs would result from covering Medicaid expenditures for newly eligible families,
  - c. there would be a larger unmet need allowing families with income other than AFDC to retain more of this income before benefits were decreased. 30% of the AFDC caseload has income from other sources: 23% from earnings, 7% from unearned income such as V.A., Unemployment Benefits, Social Security.
  - d. the larger unmet need also means that families for whom child support is collected (averaging 27% of all AFDC families per month) would get more of this money returned directly to them. Conversely, less child support money would be returned to the State General Fund making less money available to finance the AFDC program.
  - e. increasing the FNS only would provide no help to those AFDC recipients without other sources of income (70% of AFDC families).
  - f. there would be a savings on General Assistance costs (local and State monies) as more people are eligible for AFDC benefits (54% Federal money).
  - g. As more people are eligible for Medicaid under AFDC, there would be a savings of State dollars expended for medical care in the Maine Health Program (total State funds). This program has an income limit for children of 125% of the 1989 poverty level. The AFDC income limit (FNS) is 77% of poverty level.

#### Cost

Each 5% increase:	\$270,600	for grants (new cases)
	205,656	for Medicaid (new cases)
	<u>\$476,256</u>	total State cost

To reach 1989 poverty level: \$1.6 million for grants (new cases)  
                                       \$7.0 million for Medicaid (new cases)  
                                       \$8.6 million total State cost

Over 5 years = \$1.7 million/year

2. Increase the Maximum Grant only. This would have the following impact.
  - a. people who are currently eligible would get more AFDC benefits. In particular, this helps those families without other sources of income (70% of AFDC Families).
  - b. there would be a smaller unmet need allowing recipients to retain less income before benefits are reduced.
  - c. with a smaller unmet need, more of the money collected from child support would be returned to the State General Fund and less money would be passed along direct to the AFDC family.

#### Costs

Each 5% increase: \$1.4 million (State dollars)

To reach 1989 poverty level: \$26.5 million (State dollars)

over 5 years = \$5.3 million/year.

3. Increase the Full Need Standard and the Maximum Grant . This option has all the benefits of the previous two. It raises the income limit for AFDC recipients and gives more benefits to those who are currently eligible.

The unmet need can stay at the current level (if the FNS and Maximum Grant are raised at the same rate) or changed.

#### Cost

(Combination previously cited)

<u>5% increase</u>	<u>1989 Poverty Level</u>
\$270,600 (new grants)	\$1.6 million (new grants)
205,656 (new Medicaid)	7.0 million (new Medicaid)
1,447,867 (cost for existing cases)	26.5 million (cost for existing cases)
<u>\$1,924,123</u> Total State cost	<u>\$35.1</u> million total State cost

over 5 years = \$7.0 million/year

#### B. BROADEN THE POTENTIALLY ELIGIBILITY GROUP OF PEOPLE.

In addition to single parents families due to a divorce, separation, unwed parenthood, or because one parent is in jail, disabled or confined to a hospital, Maine has taken advantage of state options to allow eligibility for the following two groups:

1. Families where one parent is unemployed,
2. Women in the third trimester of pregnancy.

Maine has used all possible State options for Federal funding in this area.

C. BASE NEED ITEMS ON ACTUAL COST RATHER THAN A PRE-SET STANDARD.

Each State can construct a standard of need (Full Need Standard) by using standardized payments for a set list of items or by individualizing payments for those items based on actual cost or a pre-set standard - which ever is more. State plans which choose to use a standardized payment for all items are called "fully consolidated". Maine is in this category. For example, the Full Need Standard for a family of 3 is \$652 per month. This amount has been distributed to individual need items as identified in the attached chart. 34 of 54 state plans (this includes Washington D.C., Guam, Puerto Rico , Virgin Islands) use this method. Maine could use a need standard which varies the cost of individual items based on real expense. This would provide a more realistic benefit. At the same time it would certainly increase the cost of running the AFDC Program and increase the error rate since payments would have to be based on specific varying expenses.

D. ADD SPECIAL NEED ITEMS.

These are areas of need for which AFDC recipients can receive special allowances over and above their regular AFDC check. There are 35 special need areas used by 34 of the 54 state plans. Maine recognizes 3 special need items :

1. Training and education expenses (support services and ASPIRE),
2. Child care not related to employment (state will allow such expenses from income).
3. Guardian or personal representative fees.

Using special need items allows the State to target the particular items that are in need for AFDC recipients. Some other special need items used by other states are housing, fuel, utilities, transportation, catastrophe, eviction.

E. OTHER

10 States vary their need standard by geographic area within the State using anywhere from 2 to 58 areas.

F. FUND OTHER SERVICES NEEDED BY AFDC RECIPIENTS.

Getting more resources to AFDC recipients can be done outside of the AFDC Program itself by increasing state funds to services that are heavily used or heavily needed by AFDC recipients. For example, housing was identified as a important need around the State. As opposed to increasing AFDC benefits by a special need allowance, housing problems could be attacked by increasing the availability of safe and affordable housing to AFDC recipients and other low income people. This also holds true of the need for fuel in the HEAP Program, day care to working AFDC parents by the availability of

sliding scale fee day care slots and a variety of other services. .A key factor to keep in consideration when looking into all these options is which ones can make the best use of the State dollar. Different programs have a different matching rate for federal money and it would be important to get the best federal match.

VI RECOMMENDATIONS OF THE COMMISSION TO EVALUATE THE ADEQUACY OF THE AID TO FAMILIES WITH DEPENDENT CHILDREN NEED AND PAYMENT STANDARDS

1. Increase the AFDC Maximum Grant and Full Need Standard annually to match the inflation rate.

This is the first priority for the Commission. Grossly inadequate grants should not be allowed to become even more inadequate in view of rising day to day expenses.

Cost: 5% increase is \$1.9 million (State dollars)

2. Provide for special need items that reflect the critical costs of living.

- a. Housing - to help ensure that each AFDC family spends no more than 40% of their income on housing, they should receive a supplement to their regular check of up to \$100/month.

Cost: \$7.1 million (State dollars) \$6.6 million for the benefit, \$437,324 for added staff.

All AFDC families except those in subsidized housing would receive a supplement. A \$100 limit is placed on this supplement in order to keep cost down yet still provide some help. The Commission recognizes the need for an expanded and improved housing stock for all low income families, including AFDC recipients, particularly in view of the cutback in Federal funds in the area of housing. With limited state money available and a desperate need to relieve the cost of housing the Commission puts a high priority on action on in this area. Numerous AFDC recipients testified to this as their most pressing need and the fact that in order to pay their monthly rent they had to spend their total AFDC check on housing and rely on local general assistance help to pay other bills, living without cash for most of the month.

The 1987 General Assistance Commission made a recommendation similar to this and noted that, according to their estimates 51% of AFDC recipients spend more than 70% of their income on shelter. Utilizing the AFDC special needs account would allow the State to take advantage of the 64% federal match.

- b. Utilities - after the cost of shelter, utilities is the expense that is the single most consuming one for AFDC families and the Commission recommends a special need supplement to the regular AFDC check of \$297. This would be a one time supplement to help defray the cost of utilities in the winter. \$297 was used as the average amount of assistance given by HEAP in winter '88 - 89.

Cost: \$1.8 million (State dollars) \$1.3 million for benefits and \$437,324 for added staff.

A savings of \$1.9 million is projected in local and State General Assistance expenditures for the housing and utility special needs. State funds can then be used for federal match.

The AFDC need standard for a family of 3 allows for only \$208 for housing costs covering rent or homeownership including taxes, mortgage, insurance, property maintenance, heating fuel, water, electricity, gas, refuse disposal, household textiles (sheet, towels, etc.) furniture and appliance replacement, houseware laundry and cleaning supplies, paper products, telephone services at the basic rate.

The \$208 for all these items pales in comparison for example, to estimates of average utility costs by the Maine Municipal Association: \$44/month for utilities plus \$145/month for 9 months for heat (\$1,305 total).

- c. Children's winter clothing - the Commission recommends a special need payment of \$100 per child, once a year, above the normal AFDC check to help defray the cost of winter clothing.

Cost: \$1.1 million (State dollars)

- 3. Increase the Maximum Grant to 1989 poverty level and the Full Need Standard to 125% of 1989 poverty level over a five year period.

The Commission strongly supports this recommendation based on the appallingly low level of payments at this time. The poverty level is used as a figure to work toward as one that is reflective of some minimal level of subsistence. Recognizing that the actual cost of basic necessities is more than this, poverty level is the easiest available figure to work with. Due to State finances, it is not feasible to request money for a valid survey to determine actual costs.

The five year plan is recommended, along with indexing to inflation (recommendation #1), as a more affordable plan as opposed to a one year outlay of money.

Cost: \$37.7 million (State dollars)

\$37.4 million in benefits; \$7.4 million/year for 5 years  
\$389,411 in added staff

This proposal would result in a substantial savings in State and local General Assistance dollars. AFDC recipients make up approximately 30% of all General Assistance cases. Except for emergencies, most day to day expenses would be covered by the AFDC grant.

- 4. Maintain a gap or "unmet need" between the Maximum Grant and Full Need Standards. The purpose of the gap is to allow AFDC families to keep some of their earnings before a reduction in AFDC benefits occurs. Because of the low level of maximum benefits it is particularly important to allow for this.
- 5. The Department of Human Services is encouraged to administer the Emergency Assistance Program as a Special Need payment for AFDC recipients. This would provide for a federal match of 64% on State dollars as opposed to the existing match of 50%. The Department of Human Services is presently addressing this option and we urge that it be implemented. This would not require a change in operations but rather in the funding mechanism only. Savings are projected at \$185,241 State dollars based on expenditures for 1989.

6. Present efforts by the Department of Human Services to make available an informational booklet regarding AFDC eligibility determination are encouraged so that recipients can better understand and use the program. In addition, the Commission recommends that each recipient who is interested in working be offered the opportunity to review the impact of wages on their benefits including information on how grants are calculated.
7. The Office of Volunteers is encouraged to make available to AFDC recipients the non-Medicaid covered medical supplies such as aspirin, cough medicine, etc. that are available to physicians as samples by drug companies.
8. The U.S. Congressional delegation is urged to ensure the following:

- a. The U.S. Department of Labor, Bureau of Labor Statistics should renew it's work in identifying annually the cost of living for Lower, Intermediate and Upper income budgets.

This information is essential when States are trying to meet the cost of living for low income families.

- b. PELL grant assistance to students should be totally excluded as income in determining eligibility for Federal Food Stamps. The PELL grant itself is awarded based on financial need and is required by students to meet the cost of attending school. When considered as an income source by Food Stamps it reduces the amount of Food Stamp benefits awarded, and, in effect, negates the efforts of AFDC recipients to use available resources to become self-supporting.
- c. The asset limit in the AFDC program needs to be raised beyond the present limit of \$1,000 per family. The limit included among other items, checking and savings accounts as well as the equity in an automobile. Having a \$1000 limit eliminates the possibility of an AFDC family owning anything reliable for transportation. It places AFDC families in the situation of making monthly payments on a car they do not own or of owing a vehicle that is not worth repairing and unreliable. Having reliable transportation is essential to work, school, grocery shopping and a myriad of other needs.

The Department of Human Services is requested to report on the following issues to the Maine Legislature by 12/1/90.

9. The first month's AFDC check should be delivered on a more timely basis. How can this be accomplished and at what cost? The Commission sees the present 6-8 week time frame for delivery as much too long a delay for those who are financially destitute. Speeding up the delivery time would involve a money savings in General Assistance (total State and local funds) since AFDC applicants must rely on this source of income until the AFDC check is received.

10. The Department of Human Services should aim to simplify the eligibility process as much as possible in particular by minimizing the amount of paper to be filled out, signed, copied and submitted to Department of Human Services. What options are there for doing so and at what cost?
11. The Department of Human Services staff are urged to see themselves as client advocates, that is, as those who help people get all assistance for which they are eligible as opposed to taking the narrow focus of determining eligibility for AFDC only. In particular this means providing more public information about community resources as well as how the AFDC program works and how eligibility is determined. How and at what cost can the Department of Human Services increase it's emphasis on providing more information to AFDC clients?
12. The Department of Human Services is urged to adopt all allowable exemptions to the "lump sum rule" and to report to the Maine Legislature the result of these efforts. Federal law requires that certain types of lump sum income , for example, Social Security benefits, be counted as income for the month received and for future months. If a family of 3 received a lump sum of \$3,260 they would be ineligible for AFDC for 5 months. Federal law allows States to shorten the period of ineligibility in situations where the lump sum is unavailable to the family for reasons beyond their control.

A recent interpretation of what type of circumstances fit this exemption appear to allow the State to consider the lump sum as exempt from income consideration when the family has had to spend the money on health and safety necessities (or past debts in these areas) such as rent, utilities, clothing, basic furnishings, etc. The Department of Human Services has thus far taken advantage of the extent of the exemption and is pursuing this new development. The Commission recommends that the Department immediately adopt this latest rule interpretation.





## APPENDIX A

CT \_\_\_\_\_  
ID \_\_\_\_\_Rec'd \_\_\_\_\_  
Log \_\_\_\_\_  
Exp: Yes \_\_\_\_\_ No \_\_\_\_\_**MAINE DEPARTMENT OF HUMAN SERVICES**  
**APPLICATION FOR FOOD STAMPS AND/OR AID TO FAMILIES WITH DEPENDENT CHILDREN**

INCLUDING YOURSELF, FOR HOW MANY PEOPLE ARE YOU APPLYING? \_\_\_\_\_

Name			Social Security No.	Sex M/F	Date of Birth		
First	Middle	Last			Mo.	Da.	Yr.
					Age _____		
Marital Status	Date of separation/divorce		Are you applying for: _____ Food Stamps _____ AFDC		Are you a US Citizen? Yes _____ No _____ Alien Reg. No. _____		

Race: \_\_\_\_\_ White \_\_\_\_\_ Black \_\_\_\_\_ Hispanic \_\_\_\_\_ Asian or Pacific Islander  
\_\_\_\_\_ American Indian or Alaskan Native \_\_\_\_\_ I don't wish to say

If your primary language is not English please state what it is \_\_\_\_\_

Mailing Address \_\_\_\_\_  
Street, P.O. Box or RFD \_\_\_\_\_ Apt. No., Care of \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_Street address and town where you live, if different \_\_\_\_\_  
Telephone No. \_\_\_\_\_

Directions to your home \_\_\_\_\_

Are you a student? Yes \_\_\_\_\_ No \_\_\_\_\_

Have you ever received AFDC or Food Stamps in this or any other state? Yes \_\_\_\_\_ No \_\_\_\_\_  
If so, when and where? \_\_\_\_\_

Name and address of Guardian, Conservator, or Authorized Representative \_\_\_\_\_

**FOR OFFICE USE ONLY**

Identity \_\_\_\_\_

Residence \_\_\_\_\_

Social Security Number \_\_\_\_\_ Work Registration/WEET/Exemption \_\_\_\_\_

**VERIFICATION OF ALL INCOME ITEMS IS A REQUIREMENT**

Do you receive pay for work you do? Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, name and address of your employer \_\_\_\_\_

Day of week you receive your pay? \_\_\_\_\_ How often are you paid? \_\_\_\_\_

Number of hours worked each week? \_\_\_\_\_ Amount of pay before deductions? \_\_\_\_\_

Do you pay someone to care for a child or disabled adult? Yes \_\_\_\_\_ No \_\_\_\_\_

Amount you pay for this care per week? \_\_\_\_\_

Name and address of person providing this care \_\_\_\_\_

Have you left a job within the past 60 days? \_\_\_\_\_ Why? \_\_\_\_\_

Do you receive any money from any of the following sources?

	Yes	No	Amount		Yes	No	Amount
Social Security	Yes	No	\$ _____	A room you rent	Yes	No	\$ _____
SSI (Gold Check)	Yes	No	_____	Board (with meals)	Yes	No	_____
Veteran's Benefits	Yes	No	_____	Rental Property	Yes	No	_____
Unemployment	Yes	No	_____	Seasonal/Irregular Work	Yes	No	_____
Child Support	Yes	No	_____	Self-Employment	Yes	No	_____
Worker's Comp.	Yes	No	_____	National Guard/Reserves	Yes	No	_____
Pension/Retirement	Yes	No	_____	Town/City Welfare	Yes	No	_____
Grants/Loans & Scholarships	Yes	No	_____	Other Income	Yes	No	_____

Do you expect any income in the future which is not included here? Yes \_\_\_\_\_ No \_\_\_\_\_

If so, what? \_\_\_\_\_

Does anyone give, or has anyone in the past month given, any money or assistance to anyone in your household which is not listed on this application? Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, explain: \_\_\_\_\_

**FOR OFFICE USE ONLY**

**INFORMATION REQUESTED ON THIS PAGE APPLIES TO YOU AND EVERYONE ELSE FOR WHOM YOU ARE REQUESTING ASSISTANCE. VERIFICATION OF THIS INFORMATION MAY BE REQUIRED.**

Check yes or no for each asset listed.

Cash Savings Not in Bank	Yes _____	No _____	Christmas Club	Yes _____	No _____
Bank Account	Yes _____	No _____	Certificate of Deposit	Yes _____	No _____
Checking Account	Yes _____	No _____	Stocks and Bonds	Yes _____	No _____
Credit Union Shares	Yes _____	No _____	Trust Accounts	Yes _____	No _____
Life Insurance	Yes _____	No _____	IRA, Keogh Accounts	Yes _____	No _____

If you answered yes to any of the items above, explain below:

Type of Asset	Name of Owner	Value	Bank/Institution	Account No.

Does anyone in your household have his/her name listed on any joint account or certificate (even if it is not in your possession)? Yes \_\_\_\_\_ No \_\_\_\_\_

Did anyone in your household sell, trade, or give away anything of value during the last three months?

Yes \_\_\_\_\_ No \_\_\_\_\_

Explain: \_\_\_\_\_

Does anyone in your household have any land or buildings, including jointly held real estate? Yes \_\_\_\_\_ No \_\_\_\_\_

Explain: \_\_\_\_\_

Has anyone in your household recently received, or does anyone expect to receive in the near future, any payments such as retroactive government benefits, compensation, pay raises, law suit settlements, etc.? Yes \_\_\_\_\_ No \_\_\_\_\_

Does anyone in your household have any cars, trucks, boats, campers, motorcycles, snowmobiles, ATV's, trailers, skidders, tractors, or other motorized vehicles? Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, describe:

Year	Make/Model	Name(s) of Owner	Amount Owed

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**AFDC AND NON EXEMPT FS**

VALUE _____	EQUITY _____
- AMT. OWED _____	- 1500 _____
= EQUITY _____	= NET ASSET AFDC _____
= NET ASSET FS _____	

**PARTIALLY EXEMPT FS**

VALUE _____
- 4500 _____
= NET ASSET FS _____

**AFDC**

LIQUID ASSETS \_\_\_\_\_ EXCESS VEHICLE \_\_\_\_\_ CSV INSURANCE \_\_\_\_\_ OTHER \_\_\_\_\_ TOTAL \_\_\_\_\_

**FS**

LIQUID ASSETS \_\_\_\_\_ EXCESS VEHICLE \_\_\_\_\_ OTHER \_\_\_\_\_ TOTAL \_\_\_\_\_

**LIST THE AMOUNT YOUR HOUSEHOLD IS BILLED FOR EACH OF THE FOLLOWING EXPENSES:  
(VERIFICATION MAY BE REQUIRED).**

	How Much	How Often		How Much	How Often
Rent	_____	_____	Telephone (Basic)	_____	_____
Lot Rent	_____	_____	Electricity	_____	_____
Mortgage	_____	_____	Cooking Fuel	_____	_____
Property Taxes	_____	_____	Water	_____	_____
House/Fire Ins.	_____	_____	Sewer	_____	_____
Heat	_____	_____	Trash Collection	_____	_____

Does your mortgage include an escrow account for taxes and fire insurance? Yes \_\_\_\_\_ No \_\_\_\_\_

Does anyone outside your household pay all or part of these bills? Yes \_\_\_\_\_ No \_\_\_\_\_

If you are applying for AFDC, has anyone in your household had any unpaid medical bills within the last three months? Yes \_\_\_\_\_ No \_\_\_\_\_

Does anybody in your household make support payments to another family? Yes \_\_\_\_\_ No \_\_\_\_\_

Does anyone in your household who is age 60 or older or who receives SSI, Social Security Disability Payments or Veteran's Benefits based on 100% service connected disability incur medical expenses of more than \$35.00 per month? Yes \_\_\_\_\_ No \_\_\_\_\_

Please list anyone else who lives with you for whom you are not requesting assistance.

Name	Age	Relationship to You
_____	_____	_____
_____	_____	_____
_____	_____	_____

**SEU**

I certify, under penalty of perjury, that the information stated on this application is true and complete to the best of my knowledge. I understand the questions on this application and the penalties for violating the rules listed on the Important Notice to All Applicants.

Signature of person applying \_\_\_\_\_ Date \_\_\_\_\_ Signature of Department Representative \_\_\_\_\_ ID \_\_\_\_\_

**IF YOU ARE APPLYING FOR JUST YOURSELF, STOP HERE. OTHERWISE, COMPLETE THE FOLLOWING PAGES.**

**FOR OFFICE USE ONLY**

**ANSWER THESE QUESTIONS ABOUT OTHER PEOPLE IN YOUR HOME  
FOR WHOM YOU ARE REQUESTING ASSISTANCE.**

Is this person applying for AFDC \_\_\_\_\_ Food Stamps \_\_\_\_\_?

Name			Social Security No.	Sex M/F	Date of Birth		
First	Middle	Last			Mo.	Da.	Yr.
Relationship to You			US Citizen? Yes _____ No _____ If no, Alien Reg. Number _____				

Is this person a student? Yes \_\_\_\_\_ No \_\_\_\_\_ Grade? \_\_\_\_\_ Name of School \_\_\_\_\_

**VERIFICATION OF ALL INCOME ITEMS IS A REQUIREMENT**

Does this person receive pay for work done? Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, name and address of employer \_\_\_\_\_

Day of week paid? \_\_\_\_\_ How often paid? \_\_\_\_\_

Number of hours worked each week? \_\_\_\_\_ Amount of pay before deductions? \_\_\_\_\_

Does this person pay someone to care for a child or disabled adult? Yes \_\_\_\_\_ No \_\_\_\_\_ Amount paid for this care per week? \_\_\_\_\_ Name and address of person providing this care? \_\_\_\_\_

Has this person left a job within the last 60 days? Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, why? \_\_\_\_\_

Does this person receive any money from any of the following sources?

		Amount			Amount
Social Security	Yes _____ No _____	\$ _____	Rental Property	Yes _____ No _____	\$ _____
SSI (Gold Check)	Yes _____ No _____	_____	Grants/Loans & Scholarships	Yes _____ No _____	_____
Veteran's Benefits	Yes _____ No _____	_____	Seasonal/Irregular Work	Yes _____ No _____	_____
Unemployment	Yes _____ No _____	_____	Self-Employment	Yes _____ No _____	_____
Child Support	Yes _____ No _____	_____	National Guard/Reserves	Yes _____ No _____	_____
Worker's Comp.	Yes _____ No _____	_____	Town/City Welfare	Yes _____ No _____	_____
Pension/Retirement	Yes _____ No _____	_____	Other Income	Yes _____ No _____	_____

Does this person expect any income in the future which is not listed here? Yes \_\_\_\_\_ No \_\_\_\_\_

Answer the following questions only if this person is a child for whom AFDC is requested.

If this child's mother or father is absent from the home, what is that parent's name: \_\_\_\_\_

His/Her Address: \_\_\_\_\_

Does the absent parent visit the child? Yes \_\_\_\_\_ No \_\_\_\_\_ How often: \_\_\_\_\_

**FOR OFFICE USE ONLY**

**ANSWER THESE QUESTIONS ABOUT OTHER PEOPLE IN YOUR HOME  
FOR WHOM YOU ARE REQUESTING ASSISTANCE.**

Is this person applying for AFDC \_\_\_\_\_ Food Stamps \_\_\_\_\_?

Name			Social Security No.	Sex M/F	Date of Birth		
First	Middle	Last			Mo.	Da.	Yr.
						Age _____	
Relationship to You			US Citizen? Yes _____ No _____ If no, Alien Reg. Number _____				

Is this person a student? Yes \_\_\_\_\_ No \_\_\_\_\_ Grade? \_\_\_\_\_ Name of School \_\_\_\_\_

**VERIFICATION OF ALL INCOME ITEMS IS A REQUIREMENT**

Does this person receive pay for work done? Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, name and address of employer \_\_\_\_\_  
 Day of week paid? \_\_\_\_\_ How often paid? \_\_\_\_\_  
 Number of hours worked each week? \_\_\_\_\_ Amount of pay before deductions? \_\_\_\_\_  
 Does this person pay someone to care for a child or disabled adult? Yes \_\_\_\_\_ No \_\_\_\_\_ Amount paid for this care  
 per week? \_\_\_\_\_ Name and address of person providing this care? \_\_\_\_\_

Has this person left a job within the last 60 days? Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, why? \_\_\_\_\_

Does this person receive any money from any of the following sources?

	Yes	No	Amount		Yes	No	Amount
Social Security	Yes	No	\$ _____	Rental Property	Yes	No	\$ _____
SSI (Gold Check)	Yes	No	_____	Grants/Loans & Scholarships	Yes	No	_____
Veteran's Benefits	Yes	No	_____	Seasonal/Irregular Work	Yes	No	_____
Unemployment	Yes	No	_____	Self-Employment	Yes	No	_____
Child Support	Yes	No	_____	National Guard/Reserves	Yes	No	_____
Worker's Comp.	Yes	No	_____	Town/City Welfare	Yes	No	_____
Pension/Retirement	Yes	No	_____	Other Income	Yes	No	_____

Does this person expect any income in the future which is not listed here? Yes \_\_\_\_\_ No \_\_\_\_\_

Answer the following questions only if this person is a child for whom AFDC is requested.

If this child's mother or father is absent from the home, what is that parent's name: \_\_\_\_\_

His/Her Address: \_\_\_\_\_

Does the absent parent visit the child? Yes \_\_\_\_\_ No \_\_\_\_\_ How often: \_\_\_\_\_

**FOR OFFICE USE ONLY**

**ANSWER THESE QUESTIONS ABOUT OTHER PEOPLE IN YOUR HOME  
FOR WHOM YOU ARE REQUESTING ASSISTANCE.**

Is this person applying for AFDC \_\_\_\_\_ Food Stamps \_\_\_\_\_?

Name			Social Security No.	Sex M/F	Date of Birth
First	Middle	Last			Mo. Da. Yr.
					Age _____
Relationship to You		US Citizen? Yes _____ No _____ If no, Alien Reg. Number _____			

Is this person a student? Yes \_\_\_\_\_ No \_\_\_\_\_ Grade? \_\_\_\_\_ Name of School \_\_\_\_\_

**VERIFICATION OF ALL INCOME ITEMS IS A REQUIREMENT**

Does this person receive pay for work done? Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, name and address of employer \_\_\_\_\_

Day of week paid? \_\_\_\_\_ How often paid? \_\_\_\_\_

Number of hours worked each week? \_\_\_\_\_ Amount of pay before deductions? \_\_\_\_\_

Does this person pay someone to care for a child or disabled adult? Yes \_\_\_\_\_ No \_\_\_\_\_ Amount paid for this care per week? \_\_\_\_\_ Name and address of person providing this care? \_\_\_\_\_

Has this person left a job within the last 60 days? Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, why? \_\_\_\_\_

Does this person receive any money from any of the following sources?

	Yes	No	Amount		Yes	No	Amount
Social Security	Yes	No	\$ _____	Rental Property	Yes	No	\$ _____
SSI (Gold Check)	Yes	No	_____	Grants/Loans & Scholarships	Yes	No	_____
Veteran's Benefits	Yes	No	_____	Seasonal/Irregular Work	Yes	No	_____
Unemployment	Yes	No	_____	Self-Employment	Yes	No	_____
Child Support	Yes	No	_____	National Guard/Reserves	Yes	No	_____
Worker's Comp.	Yes	No	_____	Town/City Welfare	Yes	No	_____
Pension/Retirement	Yes	No	_____	Other Income	Yes	No	_____

Does this person expect any income in the future which is not listed here? Yes \_\_\_\_\_ No \_\_\_\_\_

Answer the following questions only if this person is a child for whom AFDC is requested.

If this child's mother or father is absent from the home, what is that parent's name: \_\_\_\_\_

His/Her Address: \_\_\_\_\_

Does the absent parent visit the child? Yes \_\_\_\_\_ No \_\_\_\_\_ How often: \_\_\_\_\_

**FOR OFFICE USE ONLY**



**ANSWER THESE QUESTIONS ABOUT OTHER PEOPLE IN YOUR HOME  
FOR WHOM YOU ARE REQUESTING ASSISTANCE.**

Is this person applying for AFDC \_\_\_\_\_ Food Stamps \_\_\_\_\_?

Name			Social Security No.	Sex M/F	Date of Birth		
First	Middle	Last			Mo.	Da.	Yr.
Age _____							

Relationship to You	US Citizen? Yes _____ No _____ If no, Alien Reg. Number _____
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Is this person a student? Yes \_\_\_\_\_ No \_\_\_\_\_ Grade? \_\_\_\_\_ Name of School \_\_\_\_\_

**VERIFICATION OF ALL INCOME ITEMS IS A REQUIREMENT**

Does this person receive pay for work done? Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, name and address of employer \_\_\_\_\_

Day of week paid? \_\_\_\_\_ How often paid? \_\_\_\_\_

Number of hours worked each week? \_\_\_\_\_ Amount of pay before deductions? \_\_\_\_\_

Does this person pay someone to care for a child or disabled adult? Yes \_\_\_\_\_ No \_\_\_\_\_ Amount paid for this care per week? \_\_\_\_\_ Name and address of person providing this care? \_\_\_\_\_

Has this person left a job within the last 60 days? Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, why? \_\_\_\_\_

Does this person receive any money from any of the following sources?

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Social Security	Yes _____ No _____	\$ _____	Rental Property	Yes _____ No _____	\$ _____
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Veteran's Benefits	Yes _____ No _____	_____	Seasonal/Irregular Work	Yes _____ No _____	_____
Unemployment	Yes _____ No _____	_____	Self-Employment	Yes _____ No _____	_____
Child Support	Yes _____ No _____	_____	National Guard/Reserves	Yes _____ No _____	_____
Worker's Comp.	Yes _____ No _____	_____	Town/City Welfare	Yes _____ No _____	_____
Pension/Retirement	Yes _____ No _____	_____	Other Income	Yes _____ No _____	_____

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Answer the following questions only if this person is a child for whom AFDC is requested.

If this child's mother or father is absent from the home, what is that parent's name: \_\_\_\_\_

His/Her Address: \_\_\_\_\_

Does the absent parent visit the child? Yes \_\_\_\_\_ No \_\_\_\_\_ How often: \_\_\_\_\_

**FOR OFFICE USE ONLY**

APPENDIX B

ESTIMATES OF THE COST OF BASIC NEEDS

<u>Source of Data</u>	<u>Monthly Amt.</u> (family of 3)	<u>Annual Amt.</u> (family of 3)	<u>% of 1989</u> <u>Poverty Level</u>
Maine, Full Need Standard	\$652	\$7,824	77%
Maine, Maximum Grant	\$453	\$5,436	54%
Bureau of Labor (1982-updated)	\$921	\$11,052	100.9%
1989 Poverty Level	\$842	\$10,100	---

February 21, 1990

The Honorable George Mitchell  
United States Senate  
176 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Mitchell:

The Commission to study the adequacy of the Aid to Families with Dependent Children (AFDC) Need and Payment Standards, created by the 114th Maine Legislature, has examined the extent to which the AFDC Program is meeting the basic needs of Maine's single parent, low-income population. In completing our study, we have determined that there are 3 federal policies that need to be changed and we are asking for your assistance in getting this done.

1. Federal policy sets the asset limit for AFDC families at \$1000 and the Commission has concluded that this limit should be raised. Our chief concern is the limitation this places on the value of a vehicle that can be owned by AFDC recipients. Policy states that equity in an automobile over \$1,500 is counted against the asset limit. Combined with other items that are counted toward the asset limit, AFDC recipients find themselves in the position of owning a cheap, unreliable car or making payment on a car in which they have little or not equity. These payments are usually beyond what they can afford on a limited income. As you know, the automobile is the primary means of transportation in Maine and the Commission does not consider it a luxury. Other items considered in the asset formula include checking and savings accounts and the cash surrender value of life insurance.
2. Federal policy requires that the portion of student financial assistance granted under Title IV A of the Higher Education Act (this includes PELL, S.E.O.G., work study, Stafford and Perkins Loans) intended for use for room and board and child care expenses must be counted as income in determining Food Stamp benefits. The Commission urges that none of this financial assistance be counted as income in the Food Stamp program. It is not counted in determining AFDC benefits. This financial assistance is used by its recipients to meet the extra costs of attending school and their Food Stamp benefits should not be cut because of this help. Aid given to AFDC recipients by one source to help them improve their economic circumstances to become self-supporting should not be taken away in Food Stamp benefits.
3. The Bureau of Labor Statistics, Department of Labor, has not provided data on the annual cost of living for Lower, Intermediate and Upper income budget levels since 1982. The Commission requests that this information be again made available on an annual basis. In trying to determine what is the cost of basic necessities in Maine we found that there is no reliable, comprehensive data available. This information is essential if we are to develop and implement realistic plans to meet the needs of the low-income population and measure our progress in this area. We are unsure of the rationale of the Federal Government for no longer making such information available but we consider this a high priority at the State level.

The most commonly used measure of poverty is the so called "poverty level" which is produced annually by the U.S. Department of Health and Human Services. This figure is in no way a measure of poverty. It was first used in 1964 and was based on a minimum food budget of 1955 multiplied by 5. Since then it has been updated annually by the cost of living.

While the Federal Government produces a number of indicators of economic health, this Commission feels that a reliable index of what is a minimally livable income is an important indicator missing in the picture of our economy.

Members of this Commission are available to review these issues at your convenience should you desire this. Thank you for your attention to these issues and for your cooperation in trying to make these changes.

Sincerely,

Sen. N. Paul Gauvreau, Commission Chair

NPG/cd

February 21, 1990

The Honorable William Cohen  
United States Senator  
322 Hart Senate Office Building  
Washington, D.C. 21510

Dear Senator Cohen:

The Commission to study the adequacy of the Aid to Families with Dependent Children (AFDC) Need and Payment Standards, created by the 114th Maine Legislature, has examined the extent to which the AFDC Program is meeting the basic needs of Maine's single parent, low-income population. In completing our study, we have determined that there are 3 federal policies that need to be changed and we are asking for your assistance in getting this done.

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Sincerely,

Sen. N. Paul Gauvreau, Commission Chair

NPG/cd

February 21, 1990

The Honorable Joseph Brennan  
United States House of Representatives  
Longworth House Office Building  
Room 1428  
Washington, D.C. 21515

Dear Representative Brennan:

The Commission to study the adequacy of the Aid to Families with Dependent Children (AFDC) Need and Payment Standards, created by the 114th Maine Legislature, has examined the extent to which the AFDC Program is meeting the basic needs of Maine's single parent, low-income population. In completing our study, we have determined that there are 3 federal policies that need to be changed and we are asking for your assistance in getting this done.

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Sincerely,

Sen. N. Paul Gauvreau, Commission Chair

NPG/cd



February 21, 1990

The Honorable Olympia Snowe  
United States House of Representatives  
2464 Rayburn Building  
Washington, D.C. 20515

Dear Representative Snowe

:

The Commission to study the adequacy of the Aid to Families with Dependent Children (AFDC) Need and Payment Standards, created by the 114th Maine Legislature, has examined the extent to which the AFDC Program is meeting the basic needs of Maine's single parent, low-income population. In completing our study, we have determined that there are 3 federal policies that need to be changed and we are asking for your assistance in getting this done.

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Sincerely,

Sen. N. Paul Gauvreau, Commission Chair

NPG/cd