

# Welfare Reform Status Report

The First Year Fiscal Year (FY) 1998  
(July 1, 1997 – June 30, 1998)

## INTRODUCTION

The most sweeping change to a social program in Alaska's history has begun. Welfare reform is now one year old, and while early results are encouraging, the ultimate success of the program has yet to be shown.

Governor Tony Knowles signed the Alaska Temporary Assistance Program (ATAP or Temporary Assistance) into law in June of 1996. That same year, President Clinton signed federal welfare reform law which eliminated welfare as an entitlement, created the Temporary Assistance for Needy Families (TANF) block grant, and allowed states more flexibility to design and operate their own programs. The major provisions of these laws took effect July 1, 1997, replacing the AFDC program with

ATAP. The design of welfare reform in Alaska was based on the "Blueprint for Welfare Reform" goal to: *move Alaskans from welfare to jobs so they can support their families, while maintaining a safety net for those truly in need.* The focus is on moving recipients off assistance and into employment. The threat of time limits and penalties for both recipients and the state for not promoting work is reinforced by this goal.

Alaska has adopted a "work first" philosophy which emphasizes quick entry into the workforce for most recipients, backed by services which help recipients retain their jobs and attain better jobs.

This report will reveal that the first year of welfare re-



form in Alaska has met several measures of success. At the same time, the program is very young and challenges remain.

The real test for the new program will come as the five-year time clock winds down for many recipients and if Alaska's robust economy takes an eventual downturn. Adequate resources to help recipients into the workforce will be essential for the continued success of welfare reform.

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## WELFARE REFORM IN ALASKA

### SPECIAL POINTS OF INTEREST:

- Welfare caseload has declined 15% from the past year.
- Welfare savings for Fiscal Year 1998 topped \$24 million.
- Since July, 1997, 2,500 families have left welfare for jobs.
- The welfare caseload has dropped to under 11,000 for the first time since 1992.

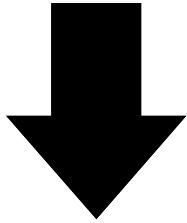
New welfare reform laws have changed welfare in Alaska by:

- Imposing a 5-year lifetime limit on welfare benefits
- Requiring most recipients to be in a work activity within two years
- Requiring minor parents to live with their parents or in another safe home, and to finish high school
- Diverting applicants from welfare by addressing immediate needs
- Reducing benefits to two-parent families in the summer, to the second parent in a two-parent family, and to families with low housing costs
- Requiring all recipients to develop a family self-sufficiency plan
- Allowing families more

- earned income so that it pays to work
- Eliminating "welfare trap" provisions such as the 100-hour rule and the limits on vehicle values
- Penalizing recipients for quitting or refusing to take a job
- Enabling communities to play a greater role in the delivery of welfare-to-work services

First Year Statistics

# Welfare Caseload



**15%**  
from last year  
(May 97 to May 98)

## FIRST YEAR STATISTICS

### HIGHLIGHTS

The first year of welfare reform in Alaska has brought some remarkable achievements. The new rules under welfare reform, the commitment of state public assistance workers and community contractors and grantees, a focus on work and personal responsibility, and a strong Alaska economy have yielded the following results:

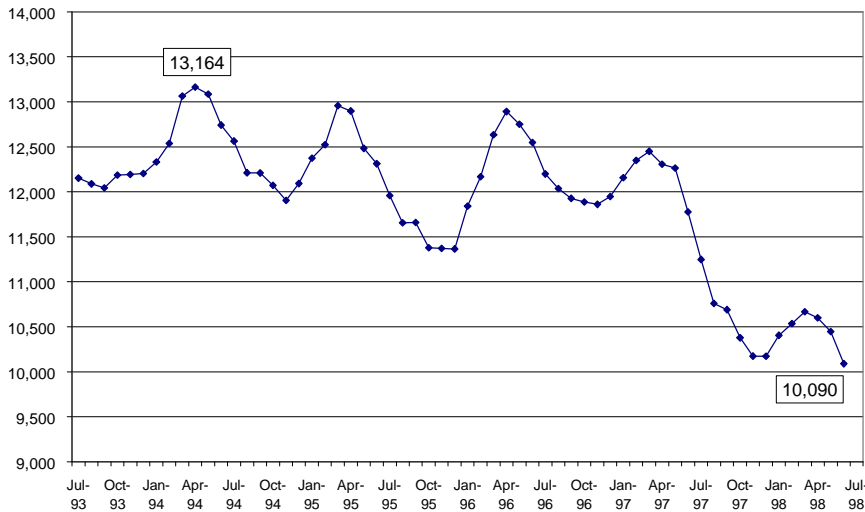
- The Temporary Assistance caseload dropped

from 11,776 in June, 1997 to 10,090 in June, 1998, a reduction of nearly 15 percent in one year. The welfare caseload has fallen below 11,000 for the first time since 1992.

- In FY98, the first year of ATAP, the State saved \$24 million in welfare benefits compared to FY97, a 21% reduction in one year.
- Since Alaska adopted welfare reform last July, 2,500 families have left public assistance rolls for jobs. Over 54% of Temporary Assistance adults are assigned to work activities.
- For FY99, an additional \$9.27 million has been reinvested in child care, work services and other services to help recipients into the workforce.

### CASELOAD IS DOWN

AFDC/ATAP Caseload FY94-Present



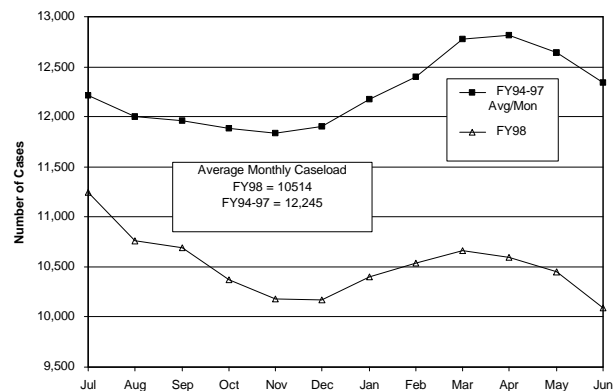
In June of 1998, the Temporary Assistance caseload declined to 10,090, its lowest point since December, 1991. This figure is 24% below the historical peak of 13,164 in April of 1994. The greatest decline began in February 1997 when the first ATAP provisions took effect and continued until the regular seasonal upswing began in November of the same year.



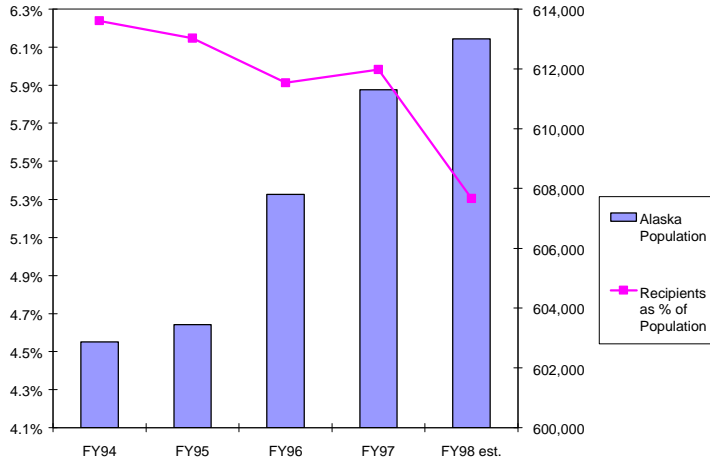
Regardless of the size of the ATAP caseload, there will always be seasonal upswings and downswings due to the seasonal nature of Alaska's economy. Although down significantly from the previous four-year average, the ATAP caseload for FY98 shows this same seasonal



AFDC/ATAP Monthly Caseload



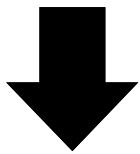
Recipients as a Percentage of Population



It is reasonable to assume that as Alaska's population goes up, so will the number of people on welfare. Yet the opposite is true. Since the new welfare laws have taken effect, the percentage of Alaskans on welfare has also decreased.



SPENDING IS DOWN

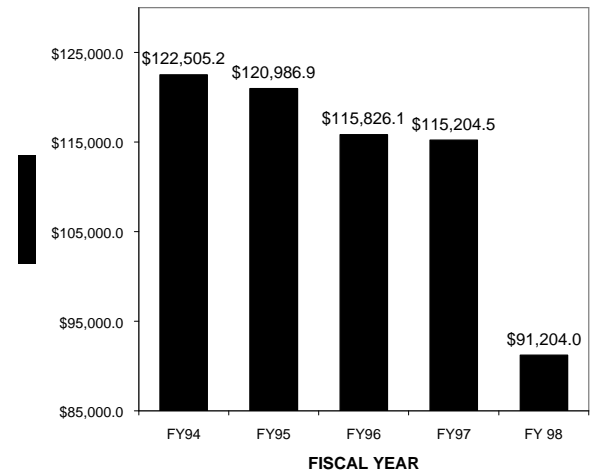


**\$24**  
Million  
from last year

Spending on welfare payments to recipients is down. In FY98, these expenditures declined to \$91.2 million, a 21% reduction from FY97. Lower expenditures can be attributed to more recipients leaving welfare for work, fewer applicants, more recipients working, and benefit cuts to two-parent families in the summer and to families with lower housing costs.

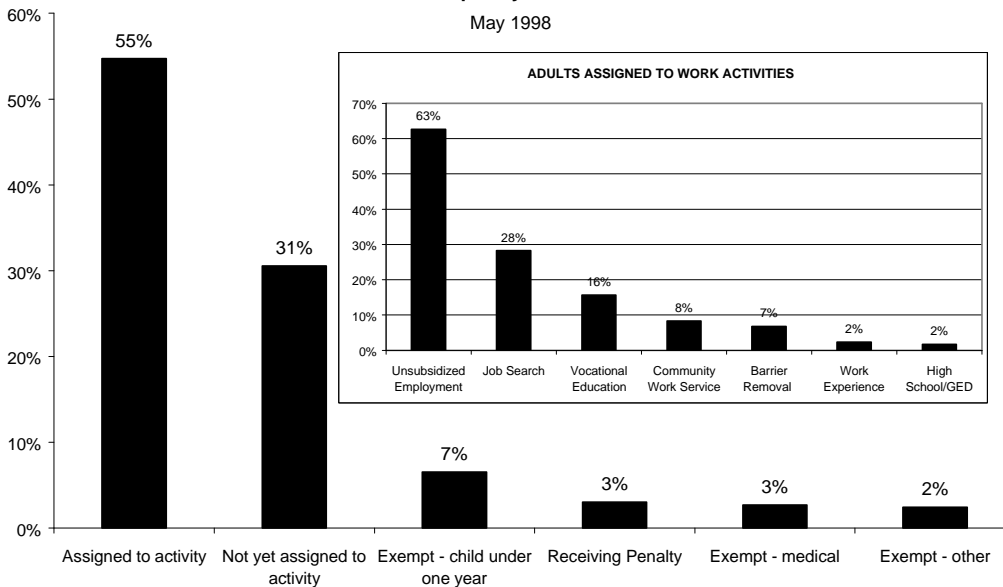


AFDC/ATAP EXPENDITURE HISTORY



MORE RECIPIENTS ARE WORKING

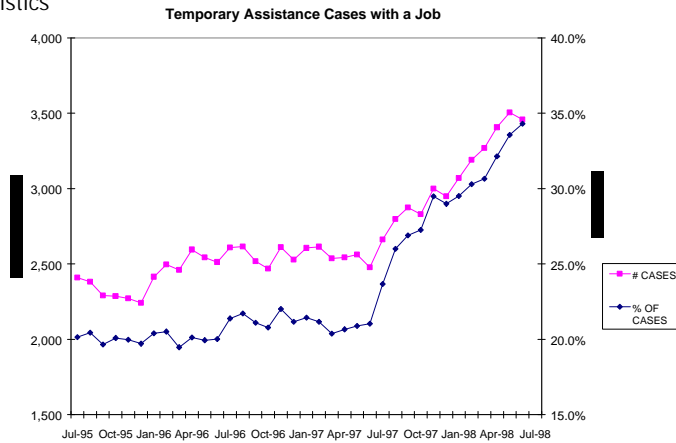
Percent of Adults on Temporary Assistance in Work Activities



In the first year of welfare reform, over half of the recipients have been assigned to a work activity, and most of them are in unsubsidized employment. There is still a portion of the caseload that needs to be assigned an activity and a number of recipients are legally exempt from work activities.



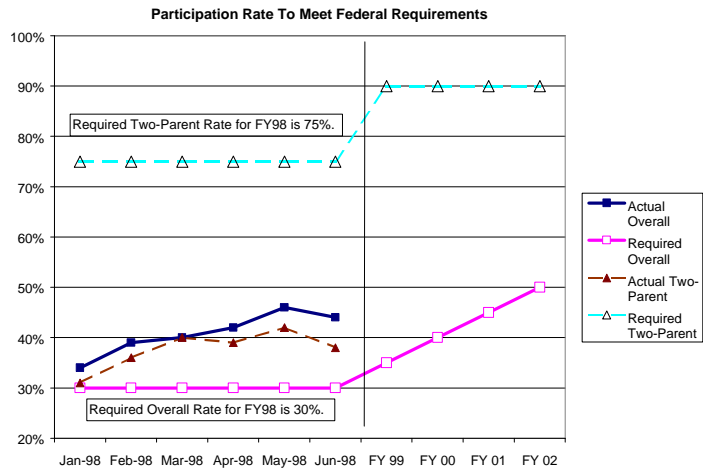
First Year Statistics



Since the main welfare reform provisions took effect in July 1997, the number of working recipients has increased and even more significantly, so has the percentage of the Temporary Assistance caseload with a job.



Federal law requires states to have a percentage of recipients in a work activity or face penalties. Alaska will easily make the all-family rate of 30% for FY98, but will not achieve the two-parent rate of 75%. Although the law provides for a reduction of the required rates by the same percentage as the caseload decline, a challenge remains in reaching the two-parent rate for FY99.



## MORE WELFARE-TO-WORK FUNDING

For the past few years, the Knowles administration has pursued a reinvestment strategy that has been critical to the early success of welfare reform. Under this strategy, as recipients leave the caseload, there are savings in benefit dollars. A portion of these savings are reinvested in services to help even more recipients off welfare, which in turn, results in more savings, and the cycle continues. Some of these savings have

been used to help reduce state spending and for other non-welfare purposes.

Of the \$24 million of benefit savings in FY98, the legislature reinvested an

additional \$9.27 million for services in FY99. Using FY95 as the base year, if benefit expenditures had continued at that level, an estimated additional \$69 million would have been paid in benefits over the following four fiscal years. From this huge savings, \$38 million has been reinvested over the same four-year period.

Here is a summary of the reinvestments:

### Child Care

Recipients moving into a job or other work activity need child care for their children. Reinvestments for child care subsidies and improved quality and capacity have been funded as follows:

**FY97 – \$2.05 million**  
**FY98 – \$2.15 million**

### FY99 – \$6.13 million Work Services

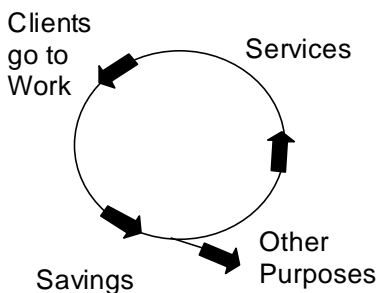
With reinvested dollars the state has expanded its ability to provide job readiness, job training, case management and related work services to recipients, primarily through community-based grantees and contractors. This funding has been added as follows:

**FY97 – \$0.94 million**  
**FY98 – \$2.45 million**  
**FY99 – \$3.00 million**

### Other

Other reinvestments have been made to modify the DPA computer system, to provide services to teen parents, fund efforts to reduce unwanted pregnancies and fund food banks.

**FY97 – \$0.88 million**



## JOB CREATION

### ALASKA'S ECONOMY

The Alaska economy plays an important role in the success of welfare reform. Jobs created over the last year have helped caseloads shrink and future economic growth should add to this trend.

Over the past three years, more than 8,400 jobs have been created in Alaska, with another 14,000 projected over the next five years, according to the Alaska Department of Labor.

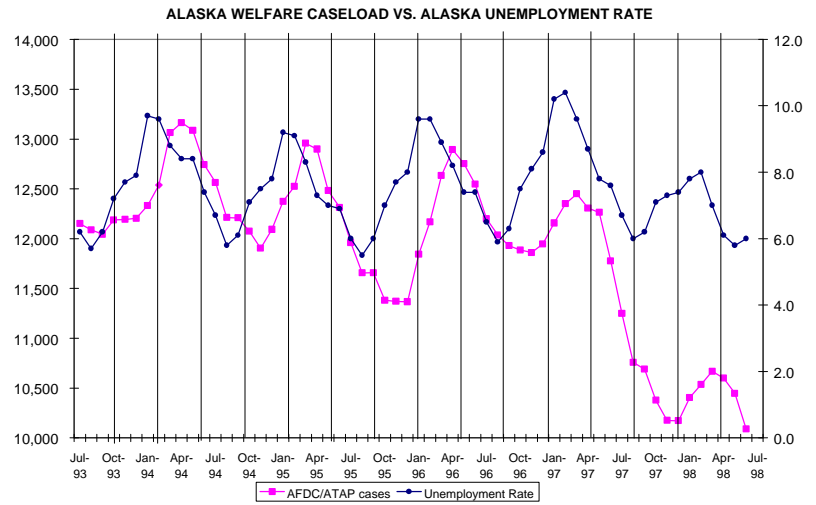
Last year, an all-time high workforce of 273,000 Alaskans earned a record \$6.6 billion. And for the first time

since Statehood, the annual unemployment rate remained below 8 percent five years in a row.

The number of non-resident workers also is declining across the state, opening doors for Alaskans to find meaningful work that will support a family.

As the following graph shows the rise and fall of the Temporary Assistance caseload follows and is di-

rectly related to the unemployment rate in Alaska. The graph also shows the seasonal nature of both welfare and unemployment.



## GOVERNOR'S JOBS CABINET AND AHRIC

Two groups assist in the implementation of Alaska's welfare reform plans, the Governor's Jobs and Training Cabinet and the Alaska Human Resources Investment Council (AHRIC). Governor Knowles created the Jobs Cabinet to better coordinate the activities of state agencies involved with jobs and job training. The Jobs Cabinet consists of the commissioners of Labor, Health and Social Services, Education, Community and Regional Affairs, Commerce, and Military and Veterans Affairs.

The Jobs Cabinet developed the "Alaska Community Employment Plan" in the spring of 1997 in response to

the implementation of welfare reform. The plan focuses on three major goals.

- Increase the number of Alaskans on Temporary Assistance who are employed or in work activities each year
- Increase the percentage of resident employment statewide
- Decrease the percentage of wages paid to non-residents statewide and by region

There are six strategies for achieving these goals. They are: 1) work preparation for Temporary Assistance recipients; 2) expanding child care capacity and improving child care quality; 3) connecting private sector em-

ployers with the employment needs of recipients; 4) expanding government employment opportunities; 5) providing job training opportunities for recipients; and 6) job matching and placement of recipients into employment. An additional strategy pertaining to the transportation needs of recipients will be added.

Alaska's job training efforts are coordinated by the AHRIC. The council consists of private sector employers, union officials, educators and state officials. The AHRIC has been assisting with welfare reform by helping to ensure that job preparation and training for recipients are relevant to the needs of Alaskan employers.



## Job Creation

## WORKSTAR

Changes to welfare in Alaska have created a unique opportunity for businesses and the State of Alaska to work in partnership to move recipients from welfare to work.

To further these goals, Governor Knowles launched an initiative named WorkStar, a business-led effort that connects welfare reform and Alaska's private sector employers. The greatest expected benefit of WorkStar, is that employers will hire

welfare recipients and more Alaska families will move toward self-sufficiency.

WorkStar steering committee members include ARCO, Hilton, NBA, BP, Providence, FedEx, Arctic Slope Regional Corporation, Alaska Chamber of Commerce, Andrews Group, Cook Inlet Region, Inc., Safeway, Trident Seafoods, VECO, K-2 Aviation, NANA Regional Corporation, CARRS, and the Alaska AFL-CIO.

WorkStar's accomplishments thus far include:

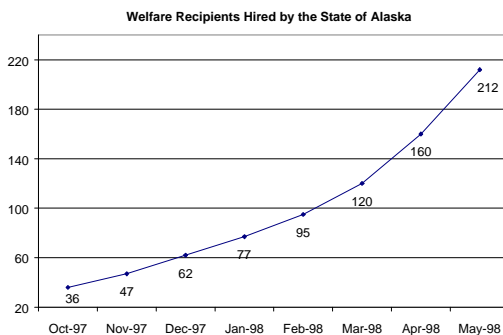
- Providing input to the administration on how welfare reform affects the private sector;
- Assisting the State in simplifying the forms employers fill out;
- Establishing a recognition program for businesses who hire welfare recipients; and
- Developing a database of employers who have hired welfare recipients.



## STATE EMPLOYMENT

While the success of welfare reform will depend primarily on private sector employment, government employment must play a large part.

In an effort to lead by example, Governor Knowles has developed a program to provide work opportunities for recipients in state government.



The cornerstone of this program is the creation of a new entry level position called Program Service Aide (PSA). PSAs are Range I, temporary positions which pay \$7.50/hr and are limited to no more than 29 hours per week. These jobs provide recipients with the training necessary to qualify for higher paying, permanent jobs in state government and the private sector. The PSA is one of four options available to state hiring

managers to assist recipients toward self-sufficiency. The others are regular state employment, job sampling, and job training.

In just eight months, 212 people were placed into PSA positions. These placements, in addition to the number of people in other work activities, far exceed the FY98 goal of 314 people placed in state employment or a state-supported work activity.

## JOB DEVELOPMENT

One way to increase recipients' chances of finding a job is for public assistance staff to develop relationships with employers so they can direct recipients to new job openings. This practice, known as "job development," gives recipients who may not be able to break into the job market on their own the additional boost they need to obtain employment.



In Alaska, full-time job developers are assigned to market welfare recipients to employers. A good relationship with the private sector can also increase employers' willingness to hire welfare recipients and encourage employers to view welfare-to-work programs as a hiring resource.

In the past year there have been some unique job creation efforts targeted at spe-

cific industries including: large scale tour companies; on and off shore fish processing; a consortium of hotels in Anchorage; and rural construction projects. Individual companies such as Holland America, Princess Tours, British Petroleum, Alaska Airlines, Providence Hospital and others have initiated efforts to hire recipients. There will be further efforts in the future to target industries that provide

# WORK SERVICES

## WORK SERVICES – AN ESD/DPA PARTNERSHIP

With welfare reform’s intense focus on moving welfare recipients into the workforce, it is evident there is greater need to help individuals with low skills, a lack of work history and other barriers from welfare to work. The array of services intended to help recipients into the workforce are referred to as Work Services.

An expansion of these services is being built on a long-standing partnership, established under the now repealed JOBS Program, between the Division of Public Assistance (DPA) and the Employment Security Division (ESD) in the Department of Labor. No single group of individuals can make greater claim to the early success of welfare reform in Alaska than the dedicated employees of DPA and ESD. These workers will be

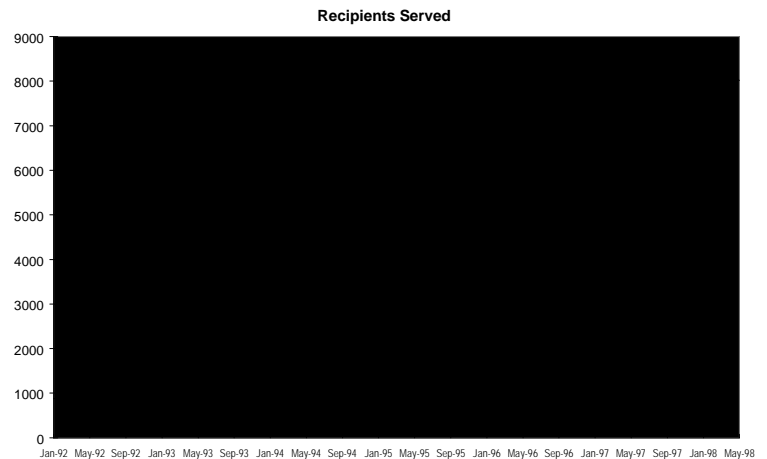
combining their efforts with an expanding group of community organizations in assisting recipients toward self-sufficiency.

A “work first” philosophy guides the provision of these services. **Work first attempts to move recipients into a job as quickly as possible under the belief that the best way to learn a job is on the job.** Under the motto “a job, a better job, a career” work first programs encourage recipients to accept entry level jobs if necessary and then provide additional services to help them get better jobs.

Changes in welfare benefit determinations makes it always pay more for a recipient to work than to

be on Temporary Assistance. Recognizing that many welfare recipients have substantial challenges to employment, Alaska’s welfare to work services include strategies for skill building, post-employment services, basic education, counseling, and training combined with work.

“Clients served” indicates the number of welfare recipients that the State is actively helping to work.



## WORK SERVICES – COMMUNITY GRANTS AND CONTRACTS

In addition to the hard work of state staff, Alaska’s effort also includes partnerships with community organizations.

Welfare reform will not be successful without the commitment of community organizations. These organizations are familiar with the local economy, the local job market, local customs and culture, and the needs of the community.

Recognizing the importance of community ownership, DPA has increased community based Work Services grants and contracts seven-fold since FY96, as indicated in the bar chart.

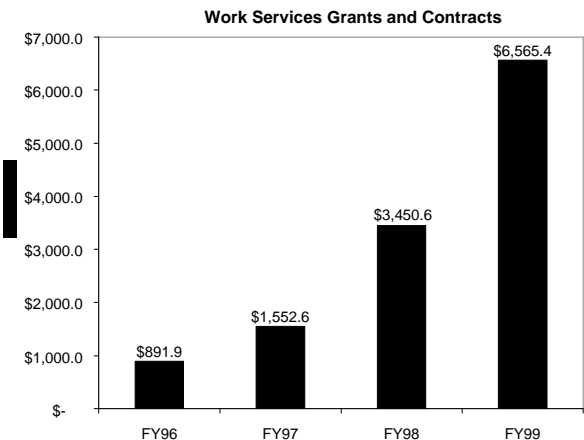
In FY98, the DPA granted funding to four Native organizations. Additionally, eight contracts were issued to community organizations to provide work search, community work service and case management.

In FY99, grants and contracts will be expanded to service areas with a broader array of services.

Over 30 contracts, blending Federal Welfare-to-Work and State funds, will be issued for post employment, adult basic education and various forms of case management.

Local control and community collaboration are the cornerstones of Alaska’s continued success.

Alaska’s Native organizations are key providers of welfare-to-work services.



## CHILD CARE



Providing access to child care is a key component in the state's efforts to move more parents into full-time jobs and more families toward self sufficiency.

Working in tandem, the departments of Health and Social Services and Community and Regional Affairs have made great strides in making quality care more available and more afford-

able. This, in turn, has helped families avoid having to rely on public assistance.

In the past year, more than 100 additional licensed child care spaces became available in Alaska.

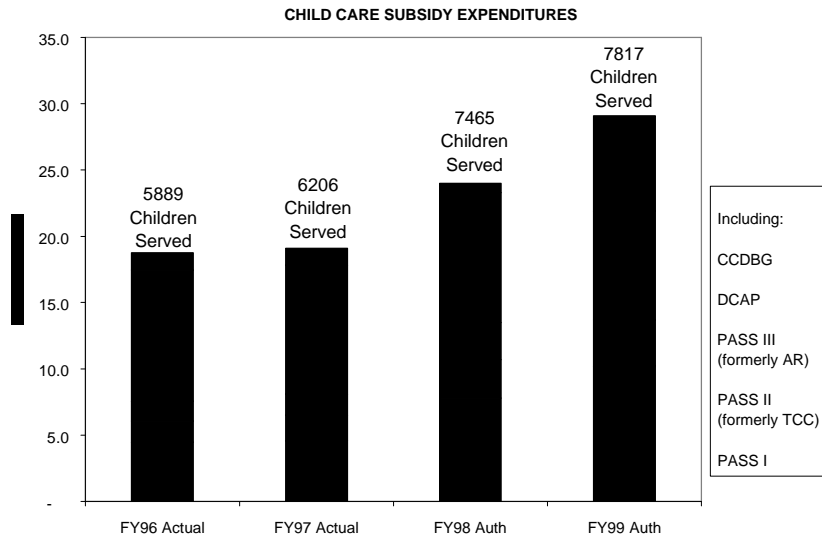
Over the past four years, total spending on child care subsidies has grown by

more than \$10 million -- to \$29 million in the current fiscal year. And, during that same period, the average number of children who receive subsidized care has risen from about 5,900 to nearly 8,000 per month.

Training opportunities are being offered to more child care providers to improve the quality of care. Projects are under way to increase the capacity of care for infants, toddlers, and school-age children.

A specific program has been developed to promote the care of young children with special needs.

The state's continued commitment to improving the quality, availability, and affordability of child care will help ensure that even more families are able to become self-sufficient.



## ALASKA JOB CENTER NETWORK – ONE-STOPS



The continued success of welfare reform will depend on the coordination of agencies which focus on job training, development and placement for recipients.

The Alaska Job Center Network (AJCN) is Alaska's version of the national "One Stop" Career Center system. It's goal is to bring together services for jobs, job training and human services; with an eye to increasing cost effectiveness and improving cus-

tomers satisfaction. Five communities are already served by Job Centers; Ketchikan, Juneau, Mat-Su Valley, Bethel and Eagle River. Three Alaskan communities will join this list in 1998 and most communities will be using this new customer service delivery system in 1999.

Job Centers offer vocational counseling, job referrals, adult education, skills training and welfare-to-work as-

sistance. Centers may also offer child care referral, housing assistance, small business information, energy assistance and other customer services.

Maximizing the use of technology is also a major focus for AJCN, with many services becoming "self-service" over the Internet. The AJCN's website will form a virtual Job Center, making job assistance accessible from any computer.

# FINANCIAL SUPPORT/SAFETY NET

## TEMPORARY CASH BENEFITS

With all the focus on moving recipients from welfare to work it is important to remember that the Alaska Temporary Assistance Program remains fundamentally a financial assistance program for poor Alaskans with children. A vast majority of the funding for ATAP is distributed monthly in cash benefits. A large portion of the workers at DPA are dedicated to ensuring that these benefits are paid accu-

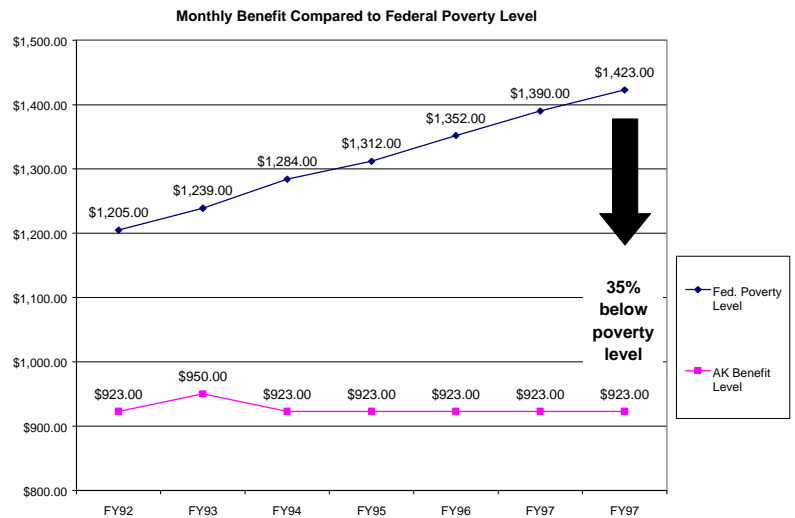
rately, in a timely fashion, and to families that are truly eligible to receive them. This importance of these benefits to needy families and the state's ability to distribute them cannot be overlooked as welfare reform initiatives are pursued.

The ATAP benefit assists very low income – low assets families with their most basic necessities: shelter, clothing, transportation and

food (the Food Stamp Program provides supplemental food for 70% of the ATAP caseload). Up until a change in state law in 1993, Alaska's benefit level tracked the federal poverty level under a cost of living adjustment. Since that time the buying power of the AFDC/ATAP benefit has eroded to 35% below the federal poverty level, as shown on the graph below.

The Temporary Assistance Program remains fundamentally a financial assistance program for poor Alaskans with children.

Alaska's Monthly Benefit for a family of three is 35% below the Federal Poverty Level.



## PREGNANCY PREVENTION

As part of its welfare reform efforts, the Department of Health and Social Services is implementing a plan to prevent and reduce the incidence of out-of-wedlock pregnancies and unintended pregnancies.

This plan will be used as a means to increase self-sufficiency and to reduce welfare dependency in Alaska.

Under federal law, \$20 million is available annually to the five states with the greatest success in reducing out-of-wedlock births without increasing abortions.

DPA is working in collaboration with the Division of Public Health to expand access to and utilization of family planning services in the four larg-

est populated areas of the state. By increasing family planning, building community coalitions focusing on preventing unintended pregnancies and by conducting outreach, we expect to see a significant reduction in the numbers of out-of-wedlock pregnancies and related births and abortions in Alaska.



## CHILD SUPPORT



Increased child support enforcement efforts are an essential part of welfare reform. The success of those efforts is measured in consistent financial support for children, a key to the self-sufficiency goals of welfare reform. To meet those goals, Congress and the Alaska State Legislature have passed laws to encourage and require financial support from both parents in raising their children.

The Alaska Legislature has responded to the federal welfare reform act of 1996 by amending state law to conform with new federal requirements to increase the effectiveness of state child support enforcement efforts. The changes in state law require all employers to report new hires to the Child Support Enforcement Division, making it easier to locate absent parents and start collecting child support payments

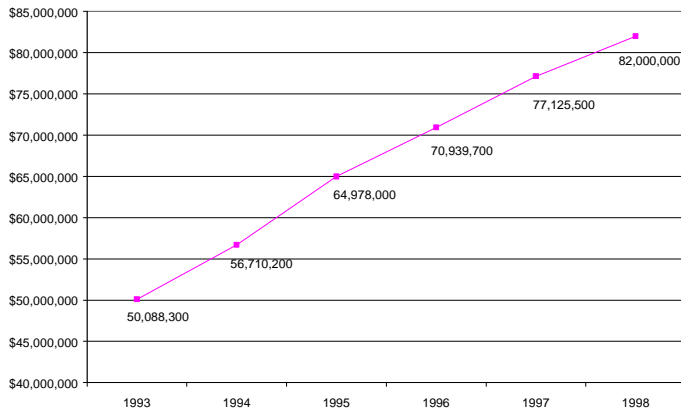
Child support efforts are helping many families who have moved from welfare. In Federal Fiscal Year 1997, Alaska child support collections helped 2,857 families who went off the welfare rolls.

Overall, the agency's collections continue to grow each year, increasing from \$50 million in State Fiscal Year 1993 to an estimated \$82 million in 1998. Alaska's collection rate per child support employee – about \$349,000 per worker – exceeds the national average.

The new laws also allow the state to collect Social Security numbers on applications for driver's licenses, fish and game licenses and occupational licenses, and to share the information between states to help find parents delinquent in their child support.

The work needed to collect that money also increases each year: The agency fielded more than 475,000 phone calls in Fiscal Year 1997 and handled more than 1.2 million pieces of mail.

Child Support Collections



## TEEN PARENT SERVICES

The teen birth rate in Alaska, like the rest of the nation, has been on the decrease since 1991. Even though teen pregnancy and birth rates are declining, the

numbers are still too high. Teen pregnancy continues to be a great concern in Alaska.

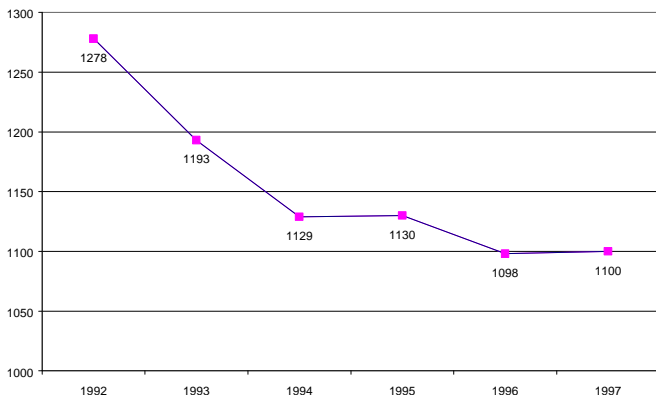
Children born to teens often are at greater health risk and suffer higher infant mortality rates than average. Many teen mothers do not finish high school and are more likely to be single parents, poor, unskilled, and unemployed or under-employed.

Alaska's welfare reform requires minor parents to live with their parents or other adult relative.

Grants are negotiated with agencies around the state to provide services for pregnant and parenting teens to help them achieve self-sufficiency and reduce the risk of long-term poverty and welfare dependence of future generations.

The grants provide for services such as prevention of subsequent pregnancies, development of alternative living arrangements, completion of high school or GED, finding and keeping employment, and assistance with parenting and life skills.

Teen Births in Alaska





Over 90% of single parents on Temporary Assistance are women.

## DEMOGRAPHICS

### WHO ARE WELFARE RECIPIENTS?

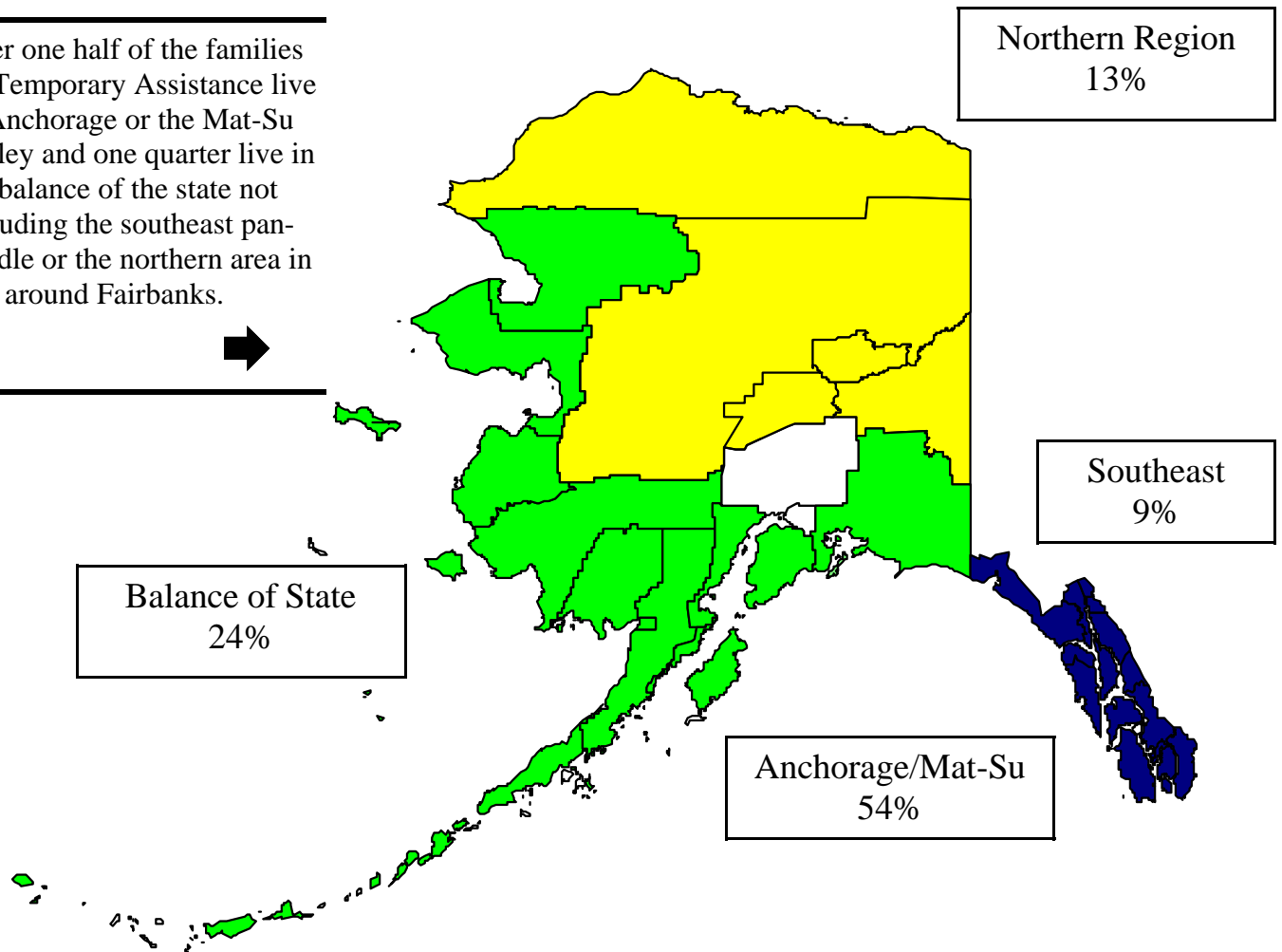
Welfare recipients in many respects approximate the overall Alaskan population. Most live in cities, are Caucasian and have relatively small families. The parents tend to be slightly younger and a majority are single, a huge percentage of which

are single women. The greatest distinction is that all, by definition, are poor and have young children. A vast majority want to leave welfare for employment, but lack a second parent to care for their children and/or the skills to find and retain em-

ployment. The following charts are a snapshot of caseload characteristics taken in May 1998.

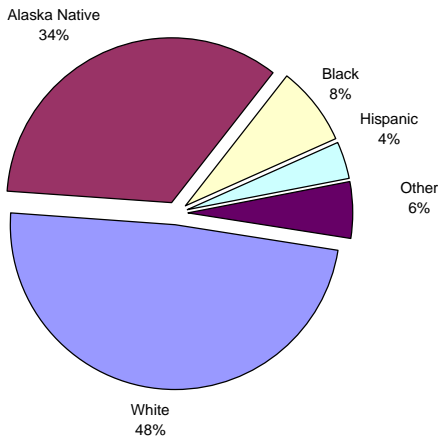
### WELFARE RECIPIENTS BY REGION

Over one half of the families on Temporary Assistance live in Anchorage or the Mat-Su Valley and one quarter live in the balance of the state not including the southeast panhandle or the northern area in and around Fairbanks.



Demographics

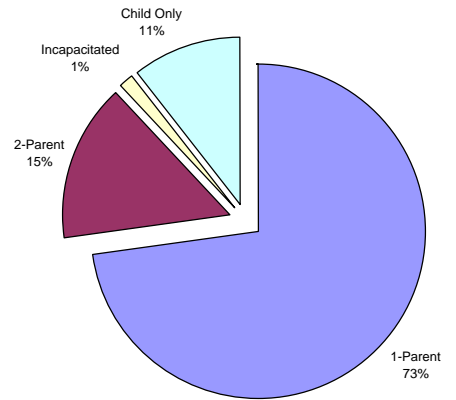
ETHNIC ORIGIN OF HEAD OF HOUSEHOLD



Nearly one half of the caseload is Caucasian and a third is Alaska Native. Nearly three quarters of the families are headed by a single parent.



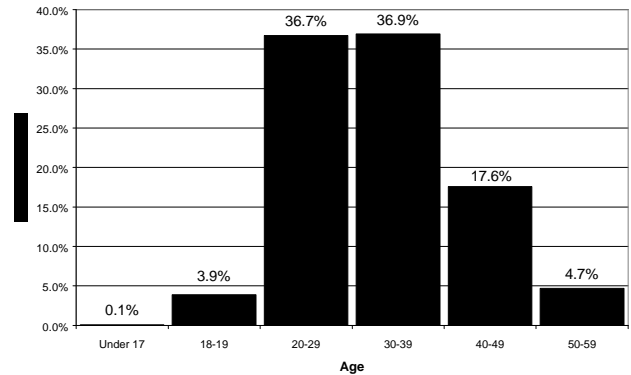
TEMPORARY ASSISTANCE CASE TYPES



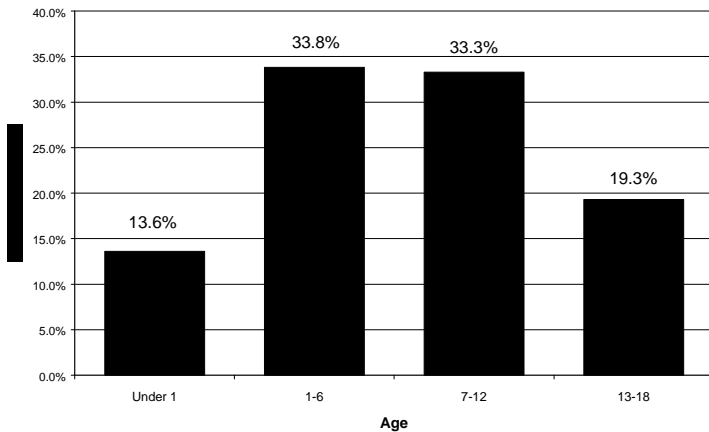
Nearly three-quarters of the parents on Temporary Assistance are between the prime working ages of 20-39. Two thirds of the children in Temporary Assistance families are between the ages of one and 13. 63% of the families have a total family size of three or less.



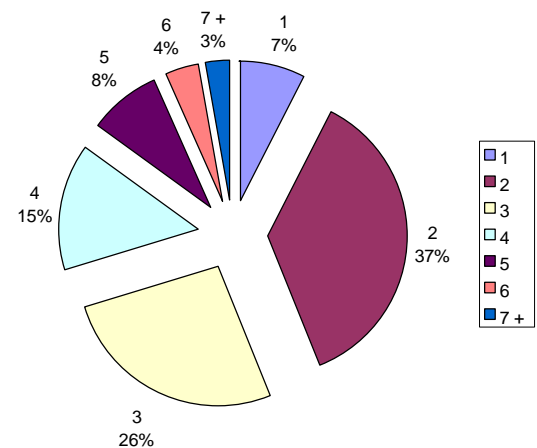
AGE OF ADULTS ON TEMPORARY ASSISTANCE



AGE OF CHILDREN ON TEMPORARY ASSISTANCE



Family Sizes as Percent of the Temporary Assistance Caseload



# THE FUTURE

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As welfare reform continues to develop and mature in Alaska, there are several new initiatives that will help to assure its ongoing success.

Perhaps most important is the continued involvement of Alaska's employers as recipients turn from welfare checks to paychecks to sup-

port their families.

Also planned or in progress are improvements to the quality and efficiency of services, expanding the availability of health care for children, reducing the number of unwanted and out-of-wedlock pregnancies, and allowing local communities greater control over welfare

programs.

States across the nation have served as innovative laboratories for reform. Alaska will continue to seek ways to improve its services for the benefit of recipients and the public.



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## POST-EMPLOYMENT SERVICES

As welfare reform imposes more work requirements on Temporary Assistance clients, it becomes increasingly important to identify strategies that help people sustain employment, quickly obtain new jobs when necessary and obtain the skills needed to obtain a better job.

Preliminary reports across the nation indicate that these "post employment" services are as critical as pre-

employment services to ensure self sufficiency.

Alaska has responded by partnering with the Department of Community and Regional Affairs, Native organizations and the state's Private Industry Councils in providing post employment case management services.

These services include ongoing monitoring, counseling and support, and help in ac-

cessing services and benefits (child care subsidies, health care, and temporary financial assistance).

Increased emphasis in post employment activities accentuates the philosophy that sustained employment is essential to self-sufficiency.

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A quality "work first" program helps welfare recipients retain and attain better jobs.

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## NATIVE FAMILY ASSISTANCE PROGRAMS

Welfare reform provides opportunities for 13 Alaska Native non-profit organizations to run their own program similar to ATAP.

Alaska Native organizations who run TANF programs will receive a portion of the state's TANF block grant.

The State of Alaska supports efforts of Native organizations to pursue this option. Since Native organizations

are community-based with close ties to local economies, they have the ability to best deliver locally and culturally relevant programs.

Last legislative session, Governor Knowles proposed legislation to provide state funds for running tribal family assistance programs. These funds would have been joined with federal TANF dollars so that Native

organizations could run a program comparable to ATAP.

While the legislation did not pass, the administration plans to introduce similar legislation next session and will otherwise assist interested Native organizations in running their own programs.



## CHILD HEALTH EXPANSION

On July 1, Governor Knowles signed into law a bill that will extend health care coverage to thousands of uninsured children and pregnant women in Alaska's working families.

Right now, an estimated 23,400 Alaska children are uninsured. That total will be cut nearly in half under the new law, which will extend Medicaid eligibility to families with annual incomes up to 200 percent of the federal poverty level – about \$40,000 a year for a family of four.

This child health expansion will significantly assist Alaska's welfare reform efforts. The number one reason why parents are reluctant to leave the welfare rolls is that they will lose health coverage for their children. With this expansion, thousands more parents will be able to take jobs that do not provide dependent health care coverage.

The new law will also extend Medicaid eligibility to an estimated 800 pregnant women who, without insurance, might not receive adequate prenatal care.

Expanding Medicaid coverage to children was a top priority in the Administration's Smart Start initiative this year. This will be the largest Medicaid expansion in

Alaska's history.

Alaska's child health expansion will be covered mostly with federal funds. By spending \$1.9 million this year, Alaska will leverage an additional \$5.6 million in federal dollars.

As a result, the state will pay only about \$560 to insure a Medicaid-eligible child for a full year. Alaska hospitals, which recently reported \$43 million in annual uncompensated costs, also will benefit.

Alaska's child health expansion will be implemented March next year.



## ELECTRONIC BENEFIT TRANSFER



The future issuance of public assistance benefits will be much more efficient thanks to the implementation of Electronic Benefit Transfer (EBT). The State is now using EBT to issue food stamps and Temporary Assistance benefits. The *Alaska Quest* debit card is available statewide instead of paper food stamps and cash warrants. The card can be used for food purchases at grocery stores, and to obtain cash benefits from stores and ATMs. By June 1, 1998, about \$11 million per month was electronically issued to about

18,500 Alaskan households. Clients, participating merchants and agency staff already prefer the *Quest* card to the former method of benefit issuance. The practical benefits hoped of EBT are:

- Eliminate paper food stamps and the stigma associated with redeeming them in public.
- Speed delivery of benefits by eliminating the delays for packaging and mailing coupons and warrants.
- Reduce client and food retailer fraud.
- Merchants favor this more efficient process, receiving quicker pay-

ment and fewer problems with inappropriate use of food stamps.

- Future distribution of other state or federal program benefits.
- Provide a safe, secure way to receive food stamp and temporary assistance benefits.

## THE TICKING CLOCK

The first year of welfare reform in Alaska has shown success by: a reduced caseload, lower welfare benefit expenditures, more recipients working and in work activities, additional funding for child care and work services, the creation of new job opportunities, greater community involvement, and increased child support. While these are significant achievements, great challenges still remain.

As of the date of this report, most Temporary Assistance recipients in Alaska have only 46 months left in their lifetime to receive Temporary Assistance benefits.

The clock is ticking fast, especially for those recipients who lack skills, have little work history or face other barriers to employment. It is the state's goal to not let anyone hit the 60-month limit without another means of supporting their families.

Of paramount concern is the well-being of the children in those families for whom the Alaska Temporary Assistance Program is intended to help. It will take the ongoing commitment of the state, communities, Native and other non-profit organizations, employers and political leaders to meet this challenge.

The mustering of resources through the reinvestment of saved benefit dollars and from other sources is essential to help recipients gain work skills and prevent their families from facing extreme hardship.

Welfare reform holds great hope for many low-income families in Alaska. Much has been accomplished, but there remains much to be done.



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