NEW WELFARE REFORM LAWS HAVE CHANGED WELFARE BY:

- Imposing a 5-year lifetime limit on benefits
- Requiring most recipients to be in a work activity within two years
- Requiring minor parents to live with their parents or 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 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
- 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

INTRODUCTION

Alaska has completed the second year of its new welfare program. As a result of welfare reform, the dramatic decrease in welfare caseloads seen across the nation is happening in Alaska. While caseloads and spending are down and more recipients are working, challenges still persist in helping the remaining Alaskan families off welfare and into self-sufficiency.

Alaska’s welfare reform law was signed by Governor Knowles in June of 1996, and two months later President Clinton signed the federal welfare reform law. The new state and federal laws which took effect on July 1, 1997, replaced the AFDC program with the Alaska Temporary Assistance Program (ATAP or Temporary Assistance).

Alaska has adopted a “work first” approach which emphasizes quick entry into the workforce for most recipients, backed by services which help recipients retain jobs and attain better jobs. The threat of time limits and federal requirements for work participation underscore the importance of a strong employment emphasis.

The AFDC program was funded on a 50% federal and 50% state basis with the total amount dependent on the size of the caseload. Under the new program, federal funding comes in a fixed amount known as the Temporary Assistance for Needy Families (TANF) block grant and the state is required to match at least 80% of the federal level.

Due to declining caseloads and the reduced demand for cash benefit payments, millions of dollars have been made available to provide child care and work services for recipients and to supplant state funds for other services which has helped to reduce the state’s budget deficit.

While the success chronicled in last year’s Welfare Reform Status Report has continued through the second year, the challenges remain as well. As the caseload declines, those recipients with the greatest barriers to employment continue to need help. And the 60-month lifetime time clock keeps ticking.

The ultimate success of welfare reform will depend on helping low-skilled welfare recipients into employment and self-sufficiency before their clock runs out.

SPECIAL POINTS OF INTEREST:

- Welfare caseload has declined 26% from June 1997.
- Welfare savings for Fiscal Year 1999 topped $41 million.
- Since July 1997, 4,000 families have left welfare for jobs.
- The welfare caseload has dropped to its lowest level since February 1991.

WELFARE REFORM IN ALASKA

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Produced by the Alaska Division of Public Assistance
SECOND YEAR STATISTICS

HIGHLIGHTS

Two years of welfare reform in Alaska have 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 great results.

Highlights from the first two years of welfare reform include:

• The Temporary Assistance caseload has dropped 26%, from June 1997 to June 1999;
• Since July 1997, 4,000 families have left public assistance for jobs;
• Over 54% of Temporary Assistance adults are assigned to work activities;
• In two years, the State saved over $41 million in welfare benefits; and
• Welfare reform has saved $32.3 million in state general fund dollars in Fiscal Year 2000 alone.

CASELOAD CONTINUES TO GO DOWN

In June of 1999, the Temporary Assistance caseload declined to 8,721, its lowest point since February, 1991 when two parent families were first being added to the AFDC program. This figure is 34% below the historical peak in April of 1994. The greatest decline began in February 1997 when the first ATAP provisions began to take effect. In spite of the overall decline, winter upswings are an inevitable result of Alaska’s seasonal economy.

Alaska’s overall population has been steadily growing in recent years. At the same time, the welfare caseload has been declining. Thus, the percentage of Alaskans on Temporary Assistance has dropped significantly in the past two years.
Spending is Down

Spending on welfare payments to recipients is down. In FY 99, these expenditures declined to $74.3 million, a 35% reduction from FY 97. 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.

MORE RECIPIENTS ARE WORKING

Welfare reform has saved millions of state general fund dollars at a critical time of high budget deficits. Comparing what was spent in FY 97 to the amount appropriated for FY 2000, the general fund savings will reach $32.3 million for FY 2000 alone. This sum is composed of several factors including: reducing the required state effort to the floor; using federal TANF dollars to the maximum allowed to supplant general funded child care and Head Start programs; and using federal TANF dollars to the maximum allowed to provide additional child protection services that would otherwise be funded with state funds.

The main welfare reform provisions took effect in July of 1997. Since that time the percentage of welfare recipients in a job has increased dramatically. However, as the caseload declines to those recipients with the greatest barriers to employment, it becomes more difficult to achieve high percentages of working recipients.
Workforce Development

ALASKA'S ECONOMY

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

Last year's growth was the third strongest in the 1990s.

Today's economy continues to add jobs; more people are employed now than were employed a year ago.

New Alaska jobs grew by 2.5% in 1998, providing much needed opportunities for welfare recipients.

Alaska's economy should continue to grow through 2000, although job growth in 1999 and 2000 will be among the slowest in Alaska during the last 10 years, according to the Alaska Department of Labor and Workforce Development.

A contracting oil and gas industry and the associated impacts in other sectors of the economy will contribute to slower job growth. In addition, Alaska's public sector is expected to lose jobs in the next two years. Some of these job losses will be due to privatization and others are expected as a result of revenue-related downsizing.

Another bright spot for Alaska's economy is the unemployment rate, which for the first time since Statehood, remained below 8 percent six years in a row, and averaged 5.8 percent in 1998.

The graph shows that the Temporary Assistance caseload follows and is directly related to the unemployment rate in Alaska. The graph also shows the seasonal nature of both welfare and unemployment.

ALASKA HUMAN RESOURCE INVESTMENT COUNCIL & DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

There are big changes in Alaska's workforce development arena. The consolidation of state workforce development agencies and the implementation of the Federal Workforce Investment Act hold the promise of improved training and other employment services for both job seekers and employers.

Legislation passed last session and signed by Governor Knowles consolidates most of the state's workforce development programs into the newly renamed Department of Labor and Workforce Development (DOL). The job training programs housed in the former Department of Community and Regional Affairs were moved as was the Division of Vocational Rehabilitation, and Adult Basic Education. Work services funded through the TANF block grant remain with DPA although DOL continues to provide many services for welfare recipients under agreement with DPA.

Alaska's job training efforts are coordinated by the Alaska Human Resource Investment Council (AHRIC). The Council consists of private sector employers, union officials, educators and state officials.

The AHRIC is currently implementing the new Federal Workforce Investment Act (WIA), which consolidates job training and vocational education programs, provides more local control of the State's job training delivery system, and is designed to meet both the needs of employers and job seekers.

The AHRIC is coordinating a public planning process to create a five-year strategic plan for workforce development, involving local elected officials, partner agencies, community based organizations, and individuals. The AHRIC will continue to support welfare reform through the planning process. The deadline for WIA implementation is July 1, 2000.

The continued success of welfare reform in Alaska depends on the coordination of agencies that 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. Its goal is to bring together services for jobs, job training and human services with an eye to increasing cost effectiveness and improving customer satisfaction.

In 1999, all of Alaska’s one stops will be asked to meet state standards for Job Centers established by the Alaska Human Resource Investment Council. Anticipated to receive certification for meeting those standards are at least 10 full service Job Centers and more than 18 Satellite Job Centers serving smaller communities.

There are several Job Centers up and running in communities across the state:
- Ketchikan Job Center;
- Juneau Job Center;
- Mat-Su Job Center;
- YK Delta Job Center;
- Eagle River Job Center;
- Fairbanks Job Center;
- Kenai Pen. Job Center;
- Anchorage Job Center, Midtown;
- Anchorage Job Center, 8th Avenue; and
- Anchorage Job Center,

Midtown

The first Anchorage Job Center opened in the Muldoon Mall and a Fourth & Gambell location will open in the fall of 1999. An additional Anchorage Satellite is planned for Mt. View.

All Centers offer a customer service orientation and will provide job and career information, job referrals, skills training, temporary assistance and welfare-to-work programs. Public access computers help customers learn computer skills or access the Internet to facilitate job search.

To hire a worker call 888 838-JOBS

W O R K S T A R A N D J O B D E V E L O P M E N T

The private sector has stepped up to the challenge of welfare reform in Alaska. Most of the jobs which have helped poor Alaskan families off welfare have come from private businesses. Much credit for this goes to Governor Knowles’ WorkStar Steering Committee.

Welfare changes created a unique opportunity for the state and business to partner in moving welfare recipients into the workforce. WorkStar is a business-led effort to advise the State on the employer’s perspective on hiring welfare recipients. WorkStar members come from the largest employers in the state and small businesses as well. Most of these employers have hired welfare recipients.

WorkStar steering committee members include:
- Jacob Adams, Arctic Slope Regional Corporation
- Pam LaBolle, AK Chamber of Commerce
- Eleanor Andrews, Andrews Group
- Carl Marrs, Cook Inlet Region, Inc.
- Dennis Bird, FedEx
- Richard Near, Safeway
- Charles Bundrant, Trident Seafoods
- Jamie Slack, VECO
- Jane Crane, ARCO
- Suzanne Sloan-Rust, K-2 Aviation
- Charlie Curtis, NANA
- Bob Southall, Hilton Hotel
- Susan Denison, Providence
- Mano Frey, AK AFL-CIO
- Fran Webber, National Bank of Alaska
- Kitty Farnham, BP

WorkStar accomplishments include the following:
- Held five job fairs around the state;
- Attended four trade shows

To meet potential employers; and
- Solicited and selected WorkStar Employer and Employee of the Year award to be given Fall 1999.

Closely aligned with WorkStar are the state’s job development efforts. Department of Labor and Workforce Development staff working on behalf of DPA work full-time in developing relationships with employers encouraging them to hire recipients. These “job developers” sell the benefits of hiring welfare recipients including DPA screening and referral of prospective employees, tax credits, public recognition, and most importantly, hard working and loyal employees.

A toll-free number is available to employers to assist them in hiring someone off
**Work Services**

**More Welfare-to-Work Funding**

The array of services intended to help recipients into the workforce are known as “work services”. Most of the funding for these critical work services has come from the state’s reinvestment plan.

As recipients left the caseload, savings in benefit dollars have been generated. A portion of the savings has been reinvested in services to help even more recipients off welfare which results in more savings, and the cycle continues. A significant portion of the savings have been used to help reduce the state’s general fund deficit and to provide other state services.

For FY 2000, approximately $26.3 million has been budgeted by DPA for services for recipients including child care, case management, work search, transportation, training and job development. Funds come from the TANF block grant, state general funds and the federal Welfare-to-Work program. These services are administered by state agencies, non-profit community organizations, Native organizations and private businesses across the state.

**Division of Public Assistance**

The Division of Public Assistance (DPA) plays the central role in the delivery of work services. As the state’s TANF agency, DPA is responsible for federal funds which pay welfare benefits to eligible recipients, provide work services and cover administrative costs. The federal TANF responsibilities also include meeting program requirements, performance mandates and reporting requirements. DPA is also the local administrative entity for the US Department of Labor’s Welfare-to-Work (WtW) program. Both the TANF and WtW require the contribution of state general funds for which DPA is responsible as well.

As it has done for years, DPA is responsible for determining eligibility and paying benefits to eligible welfare (ATAP) recipients, and for Food Stamp, Adult Public Assistance, General Relief and Energy Assistance recipients. DPA also determines eligibility for the Medicaid and CAMA programs. A newer, expanded responsibility for the Division is in providing work services. Some of these services are provided in-house by DPA and Department of Labor and Workforce Development employees, but most services are provided through community grants and contracts administered by DPA. Since 1997, there has been a dramatic expansion in the number of recipients served by either state agencies or through grants.
COMMUNITY GRANTS AND CONTRACTS

Most of the work services in Alaska are provided by community-based service providers under a grant or contract with DPA. Welfare reform would not be successful without the commitment of these organizations (see the roster of service providers) which serve Temporary Assistance recipients throughout all regions of the state. They are familiar with the local economy, job market, customs and culture and the needs of the community. Native organizations play a key role in providing services, particularly in rural Alaska.

Each grant or contract is performance-based with requirements that the provider serve a certain number of recipients referred by DPA and reach certain percentages of recipients placed in a job or other work activity. The organization is expected to apply the “work first” approach.

Types of services provided include case management, work search, training, and transportation. The amount of funding for community based work services has increased five-fold since FY 97, the year immediately before welfare reform took effect. Funding for Native organizations has increased to over $2 million in FY 2000.

CHILD CARE

The success of welfare reform depends on the existence of accessible, affordable, quality child care for all low wage workers. The State of Alaska provides child care subsidies for these families through the Parents Achieving Self Sufficiency (PASS) program: PASS I for families receiving Temporary Assistance benefits, PASS II for families who are moving from reliance on TA, and PASS III for low-income families.

Over the past two years, total spending by the state on child care subsidies has grown by more than $12 million - to nearly $32 million in FY 99. Funding for child care subsidies for Temporary Assistance recipients has grown from $4.5 million in FY 97 to almost $12 million in FY 99. During that same period, the average number of children served on a monthly basis by all subsidy programs increased by 2,500. Since the cost of child care can often be more than 50% of the take-home pay for families moving from welfare to work, assisting parents pay for child care is extremely important to achieving the goal of self-sufficiency for Alaskan families.

Welfare reform efforts include ‘parental choice’ provisions, which allow parents expanded options in choosing child care, including care from relatives and friends. Many parents select providers who are exempt from licensing under state child care regulations. As a result, in 1998, the State of Alaska initiated a policy that all providers receiving child care subsidy payments must meet minimum health and safety standards and register with the state to provide child care. Since January, 1998, the number of registered providers has grown from 450 to 1400, increasing the supply of child care dramatically and allowing parents more options for their child care. During the same time, the state experienced a decrease of 55 licensed child care home.

The state’s commitment to improving the quality, availability, and affordability of child care will continue to enhance efforts to move families from welfare to self sufficiency.

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The Safety Net

TEMPORARY CASH BENEFITS

While the focus of welfare reform has been 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. DPA workers are dedicated to ensuring that these benefits are paid accurately, in a timely fashion, and to families that are truly eligible to receive them. This importance of cash benefits to needy families and the state’s ability to distribute them cannot be overlooked as welfare reform initiatives are pursued.

Cash benefits assist low income 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 36% below the federal poverty level, as shown on the graph below.

Alaska’s Monthly Benefit for a family of three is 36% below the Federal Poverty Level.

DENALI KIDCARE

One of the greatest worries parents have about leaving welfare for work is losing health insurance for their children.

Denali KidCare is a new State of Alaska program designed to ensure that children and teens of low-income working families can have the health insurance they need.

Denali KidCare evolved from the Balanced Budget Act of 1997 which created the Children’s Health Insurance Program. Through a Medicaid expansion, eligibility was increased to 200% of poverty for children through age 18. In the first four months, a total of 7,842 children have been enrolled in Denali KidCare. This represents 68% of the goal of enrolling 11,600 children through outreach efforts.

Through five outreach specialists hired for this program, a concentrated effort will occur this fall to enroll more children through schools. All districts in the state have been contacted by outreach specialists and packets will be sent containing posters, brochures, and applications. Principals will distribute these materials at registration, open houses, and teacher orientation, and school nurses will have it year-round.

Applications for the free and reduced lunch program are available by calling the Denali Kid Care toll-free number at 1-888-318-8890. As study after study shows, a healthy childhood is essential to both the physical and intellectual development of children. Health insurance can play a key role in that development.
CHILD SUPPORT

Child support collections are essential to the long-term success of welfare reform. The role of the Alaska Child Support Enforcement Division is to help ensure that single-parent families have enough resources to reach and maintain a level of self-sufficiency as they move away from public assistance. Without adequate child support, many of those families will face economic hardship as they hit their time limit on public assistance.

A recent University of Utah study pegged uncollected child support as a significant barrier to getting off welfare. It’s the same message offered by a 1998 General Accounting Office report that said: “The increased emphasis on the temporary nature of (public) assistance makes child support, along with employment, a more important means for families receiving aid to become self-sufficient.”

The Alaska child support agency collected $81 million in support payments in Fiscal 1999, a 60 percent increase over the $50 million collected in Fiscal 1993. Much of that money went to public assistance cases, and the child support collections helped almost 5,600 families as they moved off public assistance in FY97-98 (the most recent statistics available).

In passing welfare reform laws, Congress and the Alaska Legislature recognized the need for enforcement of child support orders and gave the agency tools it needs to get the job done.

One of the latest additions is Alaska’s new-hire reporting law that requires businesses to provide information on all new employees to the child support agency. In June alone, the child support agency received information on more than 12,000 newly hired employees in Alaska, and from that list found almost 2,000 parents who owed child support. This information enables the agency to send out wage-withholding orders for those parents - something that would not have happened without the new law.

The child support agency continues to deal with a growing caseload – for even as families move off public assistance they remain as child support clients. As of June 30, the agency had established paternity and child support orders in 78 percent of its cases. The caseload generates a phenomenal amount of public contact. For example, in Fiscal Year 1998 the agency handled more than 1.1 million pieces of

TEEN PARENT SERVICES

Teenagers who have children stand a greater chance of long-term dependency on welfare. That is why the Division of Public Assistance focuses services for teen parents on prevention of additional pregnancies, high school completion, self-supporting employment, and safe living arrangements.

In the last two years, grants were awarded to communities around the state for Innovative Community-Based Services for Pregnant and Parenting Teens. The focus of these grants is on preventing pregnant and parenting teens from becoming at risk of long-term poverty and welfare dependence.

In 1998, the State of Alaska joined other states in observing May as National Teen Pregnancy Prevention Month. Communities around the state participated in annual activities that drew attention to teen pregnancy prevention efforts.

Year-round bi-monthly teleconferences are held for communities to promote connection, spring new ideas, and inform others of state-wide activities.

Alaska’s teen pregnancy rate has mirrored the recent national decline and has steadily declined over the past three decades. Alaska continues to be below the national average in teen pregnancies.
Future Challenges

The first two years of welfare reform in Alaska have been very successful by most measures. Yet, challenges remain in meeting federal performance requirements, in continuing to overcome the employment barriers for welfare recipients and in limiting the number of welfare recipients who face the elimination of benefits due to the five year limit.

Federal rules establish a very high requirement for two-parent families to be in an approved work activity. Alaska failed to meet the required 75% level for FY98 and is facing federally imposed penalties. Although Alaska has improved its performance for FY99, the requirement moves to 90% (this figure will be reduced due to Alaska’s caseload decline). In response to the failed two-parent rate, more effort will be focused on moving two-parent families into employment and other approved work activities.

As Alaska gains more experience in meeting the challenges of welfare reform, certain services are emerging as those most important in helping recipients toward self sufficiency. As mentioned earlier in the report, quality child care and case management are critical. Post employment services are essential to help working recipients keep their jobs and attain better jobs that allow them to leave welfare altogether.

Transportation has also been recognized as a significant barrier to employment for most recipients. The state will be devoting additional effort to meeting the transportation challenge. This includes coordinating with local agencies to establish new or expanded public transportation systems, promoting responsible private vehicle ownership, assistance with car repairs and winterization, mobilizing volunteer organizations to provide transportation services, and helping clients to purchase their own vehicles.

Alaska, like many other states, is trying to learn more about the effectiveness of welfare reform and, in particular, what is happening to recipients who leave Temporary Assistance. DPA is contracting with the University of Alaska to do an evaluation regarding the characteristics and employment status of families who have left welfare. This information will be used to improve services so that more families can attain long term self-

Native Family Assistance Programs

The Federal welfare reform law has a special provision for Native tribes and organizations. Under the new law, the 12 Alaska Native Regional non-profit organizations and Metlakatla Indian Community are given the option to run their own welfare program for Natives in their region. They are entitled to a slice of the state’s TANF block grant based on a pro-rata share of Native recipients in the region. Federal funding is subject to approval based on a Native Family Assistance plan submitted by the Native organization to the Federal government.

For the past year the Tanana Chiefs Conference (TCC), which operates in the Doyon region of interior Alaska, has managed their own program known as the Athabaskan Self-sufficiency Assistance Partnership (ASAP).

The state is providing additional funding under the ATAP law to supplement TCC as part of a two-year pilot program. Another organization, Tlingit & Haida in Southeast is also developing plans to run a Native Family Assistance Program as well.

It was not the intent of Congress to require tribes or Native organizations to run programs the same as the state. But in order for state funds to be used, the Native program must be significantly similar to the State’s program. Governor Knowles has submitted legislation, HB98 and SB80, now pending in the legislature that would allow state funds to be spent for Native programs that are comparable, but not the same as ATAP.

This approach would not require additional state funding since state dollars are already being spent for these Native recipients. With the passage of this legislation, Native Family Assistance Programs in Alaska could be designed to be more culturally sensitive, locally controlled, flexible, and ultimately more effective without additional cost to the state.
The first two years of welfare reform in Alaska have shown success by: a reduced caseload, lower welfare benefit expenditures, more recipients 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, many Temporary Assistance recipients in Alaska have only 34 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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