

2000 Welfare Reform Status Report

Year Three

Fiscal Years 1998-2000
(July 1, 1997 – June 30, 2000)

INTRODUCTION

Alaska has finished the third year of its welfare reform program and the success of the first two years is continuing. The caseload has dropped and millions of dollars have been saved in the process. Thousands of families are leaving welfare for work and self-sufficiency. Despite this success, there are challenges ahead in helping Alaska families become self-sufficient.

Federal and state laws implemented in 1997 made fundamental changes to welfare programs that had been in place for decades. While maintaining a safety net for Alaska's families, the new Temporary Assistance program established a "work first" approach that emphasized quick entry into the workforce backed by services to help recipients retain jobs and find better ones. The result of this effort has been increased numbers of welfare recipients moving into work. With the threat of

time limits and federal requirements for work participation, Alaska's "work first" approach plays a critical role in helping families use their time on assistance wisely.

Alaska has also reinvested tens of millions in savings to provide childcare and support services for those working hard to provide for their families. Welfare savings have also reduced the state's budget deficit by use of federal TANF block grant money for services.

In addition to Temporary Assistance, two new programs have emerged in Alaska. Tanana Chiefs Conference and Tlingit & Haida have taken over welfare services for Native recipients in their regions. The state and Native programs together are referred to as Alaska's TANF programs.

An important part of helping families achieve self-sufficiency in the future will be learning more about



those who have already left welfare. To that end, the Division of Public Assistance is contracting with UAA for a "leaver" study to determine what has happened to former welfare recipients and what helped them most in their journey off welfare. Information from the study will be available this fall.

While the successes of welfare reform have been many, challenges still lie ahead. The recipients with the greatest barriers to employment still need help. And the 60-month lifetime time clock keeps on ticking. The ultimate success of welfare reform will depend on helping low-skilled welfare recipients into employment before their clock runs out.

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POINTS OF INTEREST:

- The average welfare caseload has declined 34% from Fiscal Year 1997.
- Welfare benefit savings for Fiscal Year 2000 reached \$50 million.
- The average hourly wage for employed Temporary Assistance recipients is \$8.74/hour
- The welfare caseload has dropped to its lowest level since February 1990.
- 74% of families on Temporary Assistance are participating in work-related activities.

WELFARE REFORM IN ALASKA

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

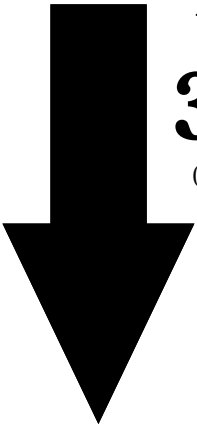
- Diverting applicants from welfare by addressing immediate needs
- Reducing benefits to two-parent families in the summer and to families with low housing costs
- Requiring all recipients to develop a family self-sufficiency plan

- 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

Welfare Caseload Down

34%

(FY97-FY00)



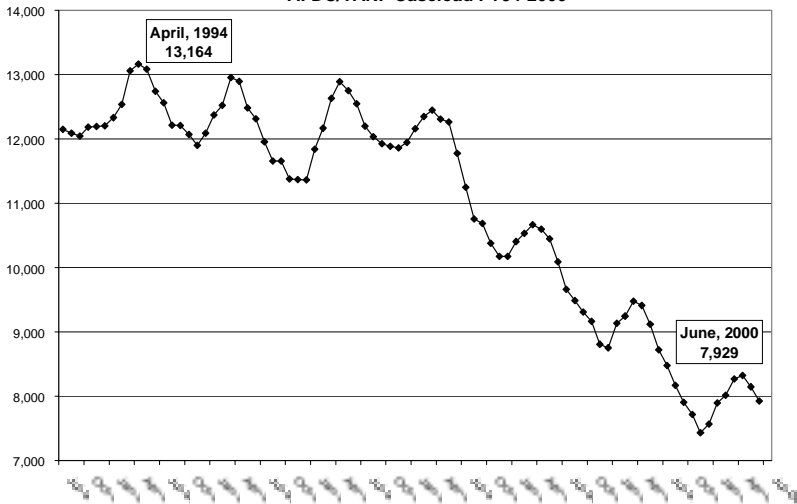
THIRD YEAR STATISTICS

HIGHLIGHTS

- The average caseload for FY00 was 34% below FY97, the year before welfare reform was implemented.
- In November of 1999, the caseload dropped 43% below the historic high in April of 1994.
- In FY00, the percent of Alaska's population on welfare declined to approximately 3.7%, down from 6.2% in FY94.
- Annual savings in welfare cash benefits reached \$50 million in FY00. The FY01 budget shows a \$41 million state general fund savings due to welfare reform.
- In June of 2000, 40% of the adult Temporary Assistance caseload was working with an additional 34% assigned to other activities leading to work.
- The average wage for working Temporary Assistance clients has risen to \$8.74 per hour.
- \$25 million is invested in FY01 to help recipients find work, eliminate barriers to work, and stay on the job. 29 community organizations are helping the welfare-to-work effort.
- Child care funding has increased from \$19 million to \$32 million in three years.
- Because of Denali KidCare 15,180 more children from low-income working families have health insurance.
- Child support collections have increased from \$50 million in FY93 to \$85 million in FY00.
- Alaska's maximum benefit level has fallen to 37% below the poverty level.
- Two Native non-profit organizations are now running welfare programs.

CASELOAD IS STILL DECLINING

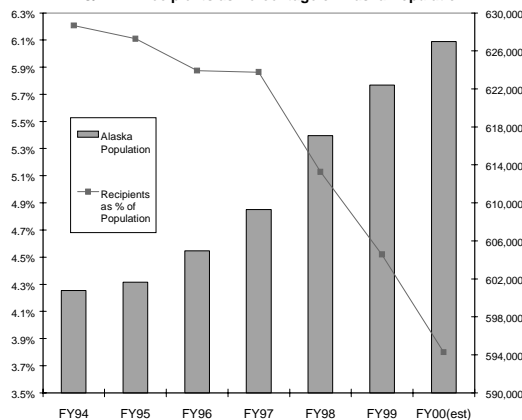
AFDC/TANF Caseload FY94-2000



In November of 1999, the caseload for TANF programs in Alaska declined to 7,547 families, a 43% reduction from the historic high of 13,164 AFDC families in April of 1994. This figure includes the state's Temporary Assistance program and TCC's Native TANF program. This is the lowest point the caseload has been since February of 1990 before two-parent families were added to the AFDC program. Seasonal upswings and down swings are inevitable due to the seasonal nature of Alaska's economy.



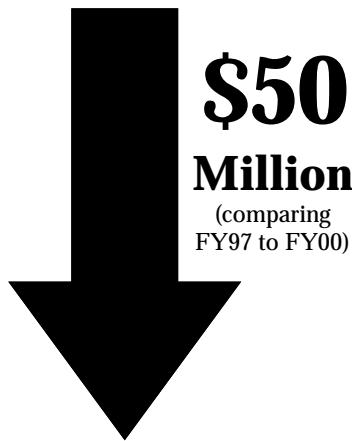
AFDC/TANF Recipients as Percentage of Alaska Population



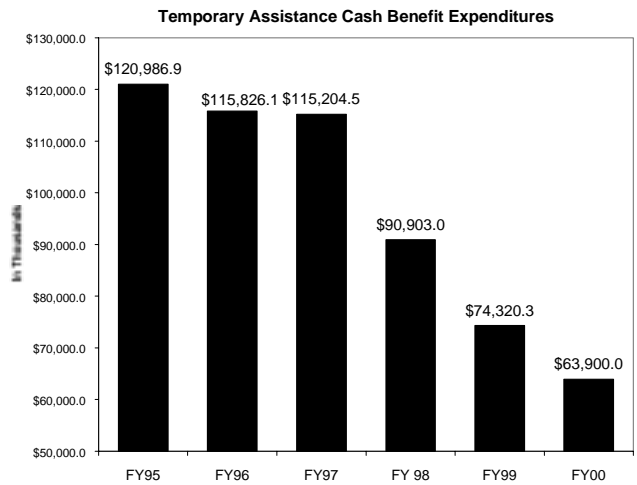
Alaska's population has grown steadily in recent years. At the same time Alaska's welfare population has been declining. Thus, the percentage of Alaskans receiving cash welfare benefits has declined dramatically since the implementation of welfare reform. Estimates for population growth in 2000 are represented on the chart at the low end of Department of Labor and Workforce Development forecasts.



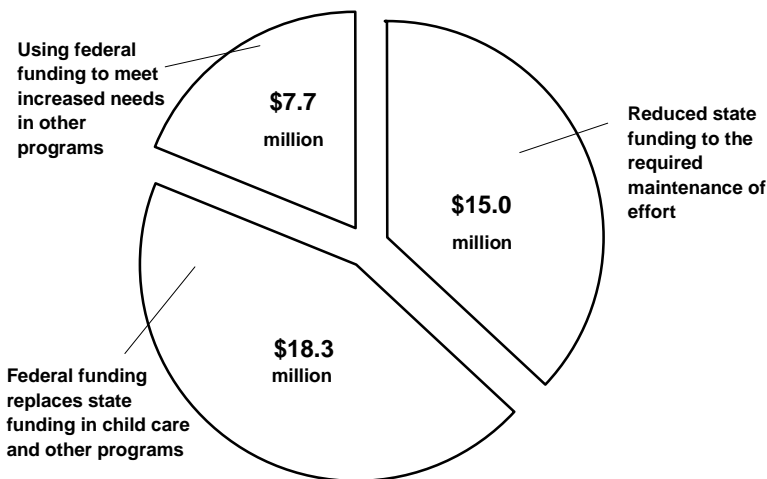
SPENDING IS DOWN



Spending on welfare payments to recipients continues to decline. In FY00 cash benefit expenditures declined to \$63.9 million, a 44% decline from the \$115.2 million spent in FY97, the year before welfare reform took effect. Lower expenditures can be attributed to more recipients leaving welfare for work, fewer applicants, more working recipients and seasonal benefit cuts to two parent families.



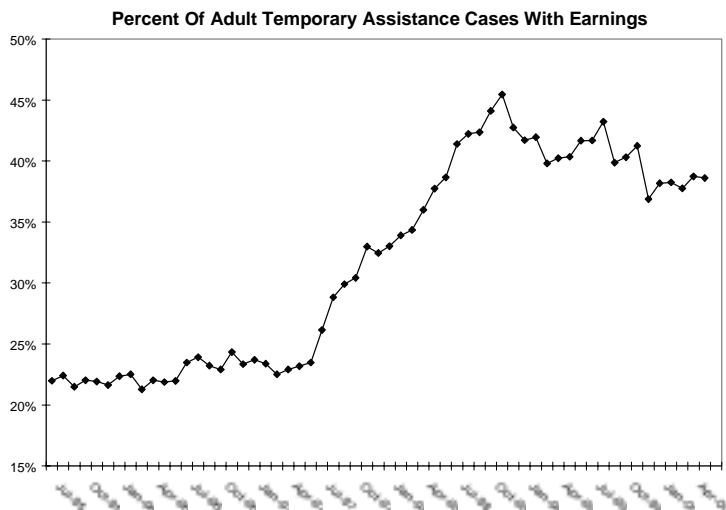
FY2001 State General Fund Savings: \$41 Million



Welfare reform has saved the state millions of general fund dollars helping to close the deficit between state revenues and expenditures. The state general fund savings for FY01 alone is \$41 million when comparing the amount spent in FY97 for cash benefits and related welfare services to FY01. This sum is composed of several factors: \$15.0 million by reducing the required state effort to the minimum allowed; \$18.3 million by using federal TANF dollars to replace general fund spending in other programs; and \$7.7 million by using federal TANF dollars to meet other state needs that would otherwise be funded by the state's general fund.



RECIPIENTS ARE WORKING



In the early months after the implementation of welfare reform the number of working welfare recipients increased dramatically. During the same period the welfare caseload declined thus the percentage of adult working recipients has leveled off at about 40%. Another 34% are participating in training or other activities that will lead to work and 13% are exempt from work activities. The average wage of working Temporary Assistance recipients has increased to \$8.74/hr.



WORKFORCE DEVELOPMENT

ALASKA'S ECONOMY



The Alaska economy continues to play an important role in the success of welfare reform. Jobs created over the last three years have helped caseloads shrink and families become self-sufficient.

Since more than 70 percent of Alaskans live in urban settings, job growth in these areas can have a significant impact on welfare caseloads.

According to the state De-

partment of Labor and Workforce Development, Alaska's economy will grow over the next two years, adding more than 8,000 new jobs. If current growth trends remain, Alaska will continue to ride a 14-year job growth wave. Most new jobs will be in health care, telecommunications, tourism, construction and retail trade.

Another bright spot for the economy is the unemploy-

ment rate, which for the first time since Statehood, remained below 8 percent seven years in a row and averaged 6.4 percent in 1999.

The good news has continued for the first half of 2000, which has seen a large decline in unemployment levels from the previous year. Record low unemployment levels could mean some Alaska employers may have difficulty finding workers.

ALASKA'S ONE-STOP JOB CENTERS



Alaska Job Center Network
Where people and jobs connect.

Through the implementation of the federal Workforce Investment Act and building upon Alaska's network of one-stop job centers, services for job seekers and employers continue to expand and improve. The Division of Public Assistance is a key partner in job centers statewide providing welfare recipients with professional and convenient resources to help them find work.

Job centers combine under one roof various state and

community services geared to assist all job seekers with vocational counseling, job training, placement and advancement, child care referral, housing assistance and other social services. Besides DPA other key agencies include the divisions of Employment Security and Vocational Rehabilitation, the Workforce Investment Act (formerly JTPA) agencies and local workforce development organizations.

Alaska's newest Job Center

is the recently remodeled facility at 4th and Gambell in downtown Anchorage. Formerly known as the Anchorage welfare office, this beautiful state of the art facility represents the cultural change and transformation of welfare in Alaska. The Anchorage Job Center at Gambell joins other centers in Anchorage, plus job centers in Fairbanks, Juneau, Mat-Su, Kenai, Bethel and Ketchikan as part of the Alaska Job Center Network.

WORKSTAR

WorkStar



WorkStar is a business-led initiative created by Governor Knowles to connect welfare reform and employers through recognition and outreach. The program is guided by a 16-member committee comprised of leaders of major industries.

Employers whose efforts move people from welfare rolls to payrolls may be recipients of the WorkStar Award. The 1999 WorkStar Award recipients are Providence Health System, Asso-

ciation of Village Council Presidents, Northwest Technical Services, and Captain Bartlett Inn.

Statewide job fairs are one of WorkStar's most visible outreach activities. WorkStar hosted three job fairs and was actively involved in several others. Job fairs give job seekers the opportunity to meet face-to-face with employers in an informal environment. Businesses also have the opportunity to learn more about the benefits of

hiring someone off welfare.

WorkStar plans to engage more small businesses by conducting a survey and a quarterly newsletter that will keep a productive dialogue going. The newsletter highlights success stories, tax incentives, and other helpful information.

A toll free number is available to assist employers statewide in hiring an individual who is receiving temporary assistance. 1-888-838-JOBS.

WORK SERVICES

The Division of Public Assistance with help from the Employment Security Division provides a variety of services known as Work Services, which are designed to assist Alaskans moving from welfare to work. Work Services includes child care, transportation assistance, ESL training, Work Search (a four week program emphasizing rapid entry to the work force), vocational training, job development, and job retention and ad-

vancement programs. Effective case management is the cornerstone of the work services delivery system.

Case management entails assessing the needs and strengths of welfare recipients, helping them develop plans that lead to employment, providing support services, referrals to community resources, and working closely to ensure progress toward employment.

A healthy economy and the

effective delivery of work services have helped many families leave welfare rolls. However, challenges still remain. Many recipients reside where job opportunities are limited and the problems of substance abuse, domestic violence, mental health issues and learning disabilities hinder their abilities to find and keep a job.

DPA invests heavily in work services, budgeting over \$25 million for work services for FY01.

To hire a worker
call
888 838-JOBS

Community Service Providers

- Adult Learning Programs of Alaska
- AK Vocational/Training Center
- Aleutian Pribilof Island Assoc.
- Assoc. of Village Council Presidents
- Bristol Bay Native Assoc.
- CARTS, Inc.
- Catholic Social Services
- Catholic Comm. Services – Juneau
- Center for Community
- The Child Care Connection
- Cook Inlet Tribal Council
- Copper River Native Association
- Delta Mine Training Center
- FNSB School District
- HRC, Inc.
- Job Ready Inc.
- Kenai Alternative HS
- Kodiak Island Borough
- Love INC
- Manilaq Manpower
- MASCOT
- Metlakatla Indian Community
- Nine Star Enterprises
- SE Regional Resource Center
- Tanana Chiefs Conference
- Tanana Valley Community College
- Tlingit and Haida
- U of A – Adult Learning Center
- Valley Women's Resource Center

Community Grants and Contracts

Community-based service providers are instrumental in providing case management and work services to welfare recipients. Over 50% of the families participating in the Temporary Assistance program receive case management and other work services from service providers funded through grants or contracts with the Division of Public Assistance.

Much of Alaska's welfare

reform success is the result of 29 community organizations that serve recipients throughout the state. Service providers are very knowledgeable about the local economy, employment and social service resources, as well as the needs of their communities. Native Organizations are relied on heavily for the delivery of work services, particularly in rural Alaska.

Grants and contracts are outcome-based. All grantees and contractors are expected to provide services that meet state and federal law and DPA's mission. Generally, service providers are required to serve a certain number of recipients referred by DPA and to ensure that a certain percentage of recipients are placed in a job, an approved work activity, or receive services defined by the grant or contract.

CHILD CARE

As hundreds of families move from welfare to work, it is critical that affordable, quality child care is available to them. Spending for child care assistance has grown from \$19 million in 1997 to over \$32 million in FY00. One of the most dramatic increases has been in the transitional (PASS II) child care program, which provides subsidies to families for a year after their Temporary Assistance case closes. Spending for PASS II has increased from \$1.9 million in 1997 to over \$5.5 million this year.

After a family's transitional child care assistance ends, they must rely on the state's low-income (PASS III) child care program. During the past two years, there have been waiting lists for the PASS III program because not enough funding was available to serve all the families that needed help. The cost of child care can often be 50% or more of the take-home pay of a low income family. An increase in funding for low-income child care assistance is necessary to continue the success of welfare reform.

Funding is not the only issue, however. Continued efforts are needed to increase the availability of child care, and to insure that the care is safe, nurturing, and developmentally appropriate.

It is only when parents feel sure that their children are well cared for that they can focus on improving the quality of their family's life through employment. The state is committed to making quality, affordable child care available to all Alaskan families who are working to become self-sufficient.



SAFETY NET



CASH, FOOD AND HEALTH

Though focused on work, Temporary Assistance remains one of the essential programs that provides a safety net for Alaskans living in poverty. The money for rent, clothing, transportation and other basic necessities is provided to poor families through Temporary Assistance. Because there have been no increases to benefit levels in recent years to keep pace with inflation, Alaska's maximum benefit has fallen 37% below Alaska's poverty level.

The Food Stamp program is America's premium anti-hunger program. It serves poor families and adults without dependents, many facing strict work requirements. Food stamp benefits are paid by the federal government and are administered by the Division of Public Assistance. Benefits are issued electronically on a monthly basis via the Alaska Quest card.

Another feature of Alaska's safety net is the Medicaid program which provides health coverage for poor Alaskans. An ex-

pansion of Medicaid, Denali KidCare, has helped 15,180 more children from low-income working families obtain health insurance. Most costs are covered by the federal government. Denali KidCare has contributed to the success of welfare reform because parents were reluctant to leave welfare for work for fear of losing health coverage for their children. Thousands of parents are now able to take a job which does not provide dependent health coverage.

CHILD SUPPORT



Child support collections are essential to the long-term success of welfare reform. Without adequate child support, many families will face economic hardship as they hit their time limit on public assistance. Several studies and government reports have shown that uncollected child support is a significant barrier to moving off welfare.

The Division of Child Support Enforcement collected

almost \$90,000 a week more in child support in FY00 than it did the year before – and much of that money went to families formerly on public assistance.

The FY00 total of \$85.4 million in support payments was \$4.5 million higher than the previous year and a 70 percent increase over the \$50 million collected in FY93.

New tools are available for locating parents who owe child

support, including driver's license suspension for nonpayment of child support and Alaska's new-hire reporting law. The license suspension program is an effective tool to restart collections from parents who are delinquent on their account, and new-hire reporting is becoming the quickest and most effective method of locating parents, especially those who frequently change jobs.

NATIVE TANF PROGRAMS



The federal welfare reform law authorized Alaska's thirteen regional non-profit Native organizations to administer TANF programs within their regions. Currently, two Native organizations have taken advantage of this opportunity to design their own culturally relevant and regionally focused welfare programs, apart from the State. The state has been supportive of this effort under the principles of local control and the cause of Native self-determination and self-governance. Funding

comes from the federal TANF block grant and is supplemented by state funds that would otherwise be spent to serve the same Native welfare recipients.

In 2000, the legislature passed a bill sponsored by Governor Knowles, which authorizes state funding for Native-run TANF programs. The legislature amended the original bill to limit authorization to four organizations that run or plan to run programs.

The two organizations currently running programs are Tanana

Chiefs Conference (TCC) in the interior Doyon region and the Central Council of Tlingit & Haida Indian Tribes of Alaska (T&H) in SE Alaska. TCC has been running the state's Temporary Assistance program for the past two years. T&H began their program in July of this year. The state is providing training, technical assistance and approximately \$2.4 million to each program. The Association of Village Council Presidents in the YK Delta is working with the state to take over a program this fall.

THE FUTURE

Five-year limit approaches

Although welfare reform continues on a path of success, serious challenges are on the horizon. Welfare recipients with serious barriers to employment such as mental illness, drug and alcohol abuse, learning disabilities and family violence remain, representing a higher proportion of the caseload. Contributing to the urgency is the fact that the five-year lifetime limit is due to run out in July of 2002 for recipients who have been on assistance since welfare reform began.

The chart shows where Temporary Assistance families are in relation to the 60-month limit. It shows a "bubble" of families rising to the 60-month surface. Within the next 1-2 years the state will be making a concerted effort to reduce the number of families that reach 60-months and to insure that a safety net remains for those who reach 60-months despite their efforts to reach self-sufficiency. In addition, it must be determined which families

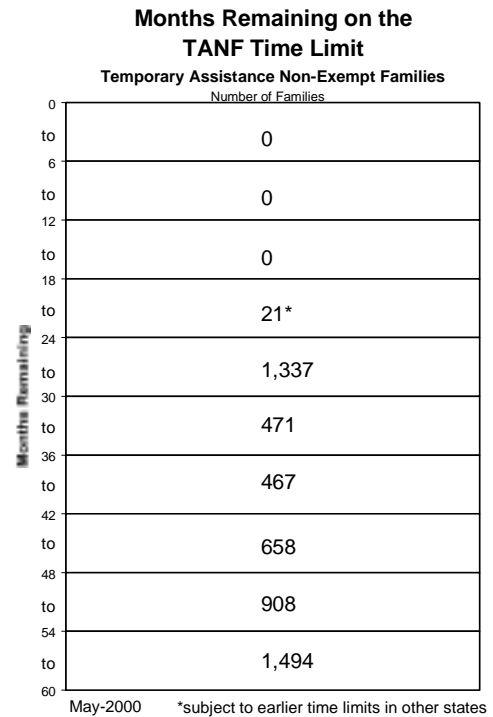
will be exempt from the limit as allowed by law.

The continued diversification and health of Alaska's economy will continue to be a key element in the success of welfare reform. Particularly in rural Alaska where few jobs exist, sustainable economic development holds the greatest hope for reducing welfare dependency.

At the same time Alaska is preparing for the imposition of the 60-month limit, Congress will be debating reauthorization of the federal welfare reform law. The entire law may be reconsidered including the purpose, funding levels, work requirements and time limits. States will undoubtedly want to retain their current federal funding and the flexibility that has allowed them to be so successful. Reauthorization of Native TANF will be an important issue in Alaska.

While three years of welfare

reform have yielded positive results, a reduced caseload or dollars saved is not the ultimate measure of success. Only if families escape poverty and reach self-sufficiency can Alaska's welfare reform efforts truly be considered a success.



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