

Welfare Reform Status Report

Year Four

Fiscal Years 1998-2001
(July 1, 1997 – June 30, 2001)

INTRODUCTION

With four years of welfare reform behind it, Alaska has remained successful at moving Alaskans off welfare and into work. The caseload has dropped, millions of benefit dollars have been saved, and most families leaving welfare are employed. This success is not without challenge, however, as some families will soon reach their 60-month lifetime limit on welfare benefits.

Federal and state laws implemented in 1997 made fundamental changes to welfare programs that had been in place for decades. The new Temporary Assistance program has a strong emphasis on work. At the same time it remains an essential safety net program for poor Alaskan families.

In Alaska, many families will hit the time limit in July of 2002. An estimated 180 families may be removed from the program during the year after that date. About

7,000 families now receive benefits in Alaska through state and Native-run programs.

Alaska has many tools to help families on welfare find independence before their 60-month limit runs out. Each year, the State reinvests millions in welfare savings to assist families toward self-sufficiency. Strong partnerships between state and community agencies provide case management, childcare, workforce development and other supportive services.

Native organizations play an increasing role in delivering welfare services in Alaska. Tanana Chiefs Conference, Tlingit & Haida, and the Association of Village Council Presidents have taken over welfare services for Native families in their regions.

Currently, the State is partnering with the University of Alaska to



study long-term recipients with the greatest barriers to employment. The results of this study will help the State better understand what steps to take to help low-skilled welfare recipients into employment before their clock runs out.

This year's *Welfare Reform Status Report* is an abbreviated version of a similar report that has been published for the past three years. Copies of earlier reports are available from the Division of Public Assistance.

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WELFARE REFORM IN ALASKA

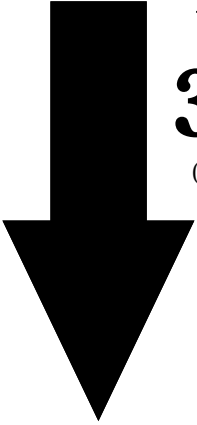
Welfare reform laws have changed welfare by:

- Imposing a 5-year lifetime limit on benefits
- Requiring most recipients to be in a work activity within two years
- Diverting families from welfare by addressing immediate needs
- Reducing benefits to two-parent families in the summer and to families with low housing costs
- Requiring 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 a job
- Enabling communities to play a greater role in the delivery of welfare-to-work services
- Requiring minor parents to live with their parents or safe home, and finish high school

FOUR YEAR STATISTICS

Welfare Caseload Down

39%
(FY97-FY01)

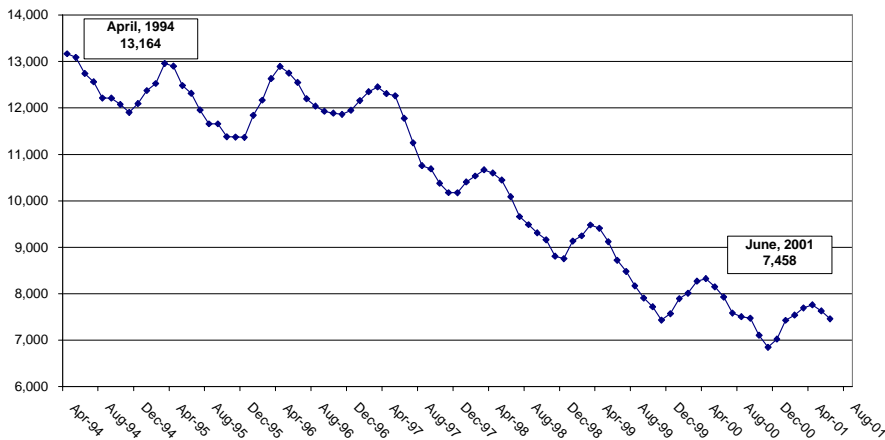


HIGHLIGHTS

- The average caseload for FY01 was 39% below FY97, the year before welfare reform was implemented.
- In November of 2000, the caseload dropped 48% below the historic high in April of 1994.
- In FY01, the percent of Alaska's population on welfare declined to approximately 3.5%, down from 6.2% in FY94.
- Annual savings in welfare cash benefits reached \$55 million in FY01. The FY02 budget shows a \$48 million state general fund savings due to welfare reform.
- In June of 2001, 35% of the adult Temporary Assistance caseload was working with an additional 30% assigned to other activities leading to work. The average wage of working recipients was \$8.88/hr.
- Over \$27 million is invested in FY02 to help recipients find work, receive childcare, eliminate barriers, and stay on the job. Twenty-nine community organizations are helping the welfare-to-work effort.
- Childcare assistance has increased from \$19 to \$30 million in four years.
- Denali KidCare provides over 18,000 children from low-income working families with health insurance.
- Child support collections have increased from \$50 million in FY93 to \$91 million in FY01.

CASELOAD AND SPENDING STILL DECLINING

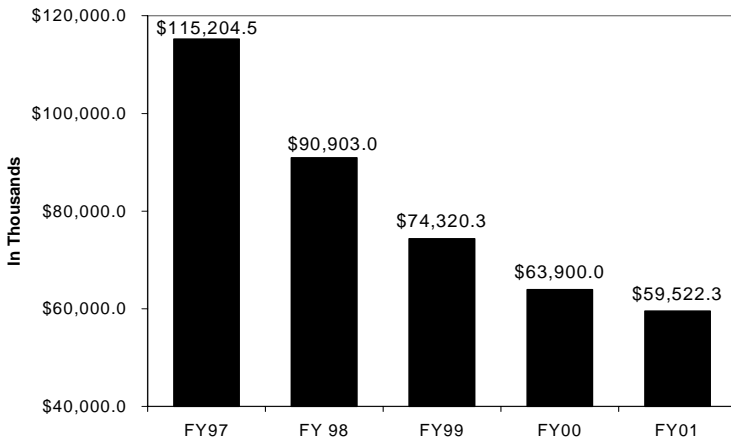
AFDC/TANF Caseload FY94-FY01



The state's TANF caseload was down 39% in FY01 compared to FY97, the year before welfare reform took effect. In November of 2000, the caseload for TANF programs in Alaska declined to 6,847 families, a 48% reduction from the historic high of 13,164 in April of 1994. These figures include the state's Temporary Assistance program and three Native TANF programs.

The percentage of Alaskans receiving cash welfare benefits has declined, from 6.4% in FY94 to 3.5% in FY01.

Temporary Assistance Cash Benefit Expenditures



Spending on welfare payments continues to decline. In FY01, cash benefit expenditures dropped to \$59.5 million, down 48% from the \$115.2 million spent in FY97. This is attributed to recipients leaving welfare for work, fewer applicants, more recipients working, and seasonal benefit cuts to two-parent families.

Welfare reform has saved the state millions of general fund dollars. The general fund savings for FY02 alone is \$48 million when compared to FY97.

PARTNERSHIPS

Welfare reform in Alaska has been successful because of strong partnerships:

COMMUNITY PROVIDERS are critical to providing case management and supportive services to welfare recipients. Over 50% of welfare families receive services from 29 separate organizations through grants or contracts with the Division of Public Assistance (DPA). These providers are knowledgeable about the local economy, jobs, social services, and needs of their communities. Native organizations are key partners in service delivery.

CHILD CARE is essential to the success of welfare reform. The Department of Education and Early Development, in partnership with DPA and local administrators, assists hundreds of families in their move from welfare to work. Continued efforts are underway to increase the availability of safe, nurturing and developmentally appropriate childcare.

WORK SERVICES is a partnership between DPA

and the Division of Employment Security, which provides services designed to move Alaskans from welfare to work. This includes work search, transportation, ESL, vocational training programs, and job retention, development, and advancement. Effective case management is the core of work services.

ONE-STOP JOB CENTERS provide welfare recipients with professional and convenient resources to find work. Job Centers combine under one roof various state and community services geared to assist job seekers with workforce development and social services. Key partners include DPA, Employment Security and Vocational Rehabilitation, the Workforce Investment Act agencies and local non-profit organizations.

WORKSTAR is a business-led initiative created by Governor Tony Knowles to connect welfare reform and employers. It is operated by the Alaska Human Resource Investment Council with funding from DPA.

Exemplary employers who have hired welfare recipients are recognized at an annual event. WorkStar also hosts job fairs statewide and provides an avenue for the state to receive advice from employers in the design of welfare-to-work programs.

DENALI KIDCARE provides health care for over 18,000 children of low-income working parents and is administered jointly by the Divisions of Medical Assistance, Public Assistance, and Public Health. Parents are more comfortable leaving welfare for work when they know their children will have health coverage.

CHILD SUPPORT collections are essential to the long-term success of welfare reform. The Division of Child Support Enforcement helps to ensure that both parents live up to the responsibility, within their means, of providing financial support for their children. A portion of child support collections are used to reimburse the state for welfare payments provided to poor families.

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
- Delta Mine Training Center
- Fairbanks Borough School District
- HRC, Inc.
- Job Ready Inc.
- Kenai Alternative HS
- Kodiak Area Native Association
- Kodiak Island Borough
- Love INC
- Manilq 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

To hire a worker
call
888 838-JOBS

EVALUATION

WELFARE "LEAVER" STUDY: A comprehensive study of 694 former welfare recipients has found that most who leave the welfare rolls stay off and find employment. The "leaver" study assessed those who left after welfare reform began in 1997. Highlights:

- The average wage for people who had worked was \$10.52/hour in 1999;
- Health problems, disabilities, and child care

problems were frequent challenges to working;

- Thirty percent of respondents reported at least one family member with no medical coverage;
- Over 80% agreed people on welfare should be required to work;
- Only 18% reported their household received child support payments.
- Seventy-five percent of

the "leavers" have worked since leaving welfare;

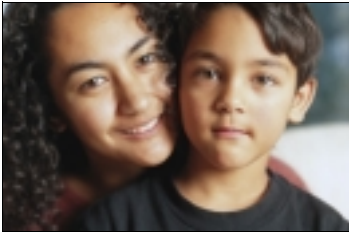
- Over half of respondents said their lives were better after leaving welfare;
- Almost 90% of recipients who left welfare were female and the typical family included two children.

The study was conducted by UAA's Institute for Circumpolar Health Studies with support from DPA.



THE FUTURE

WELFARE REFORM: WHAT'S NEXT



While welfare reform in Alaska has met with significant success, serious challenges lay ahead.

THE 60-MONTH LIMIT: Welfare recipients with employment barriers such as mental illness, drug and alcohol abuse, learning disabilities and family violence represent a higher proportion of the caseload than in the past.

The 60-month time limit for many families will run out in July 2002. In the past year a number of efforts have been underway to plan for families reaching the 60-month time limit:

- Community meetings were held to solicit input on welfare reform policy and possible solutions to challenges in the future.
- The Division of Public Assistance developed enhanced partnerships with other agencies and organizations to collaborate on providing services.
- Criteria were developed for allowing extensions based on the language in state law.

- The state has developed processes to ensure families are fully assessed and referred for services they need, and to determine if they should receive extended time on assistance if they meet the criteria provided in law.

The State will ensure that a safety net remains for families who reach 60 months, but face circumstances that would make them eligible for an exemption to the limit.

STUDY OF LONG-TERM RECIPIENTS: The Division of Public Assistance and the UAA Institute for Circumpolar Health Studies are continuing efforts to learn more about why some families have a difficult time leaving public assistance. A new phase of research will focus on families who have received Temporary Assistance benefits for 40 months or longer.

The purpose of this study is to discover the factors associated with long-term reliance on Temporary Assistance and the degree to which they are being

addressed so that the State can continue to develop effective policy and service responses. Some of the factors to be studied include work history, employment barriers, screening and assessment activities and client perceptions.

REAUTHORIZATION: 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 four years of welfare reform have yielded positive results, only if families escape poverty and reach self-sufficiency can Alaska's welfare reform efforts truly be considered a success.

This report was produced by the:
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