

Welfare Reform Status Report

Year Five
Fiscal Years 1998-2002
(July 1, 1997–June 30, 2002)

INTRODUCTION

Federal and state laws passed in 1996 made fundamental changes to welfare programs that had been in place for decades. The Temporary Assistance program, implemented in 1997, has a strong emphasis on work, and at the same time, remains an essential safety net program for poor Alaskan families.

With five 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. About 6,000 families now receive benefits in Alaska through state and Native-run programs.

This success is not without challenge, however, as some families have reached their 60-month lifetime limit on welfare benefits. In Alaska, families began hitting the time limit in July of 2002.

Over 400 families have used 60 months of assistance and 187 families who fit the exemption criteria have received benefit extensions.

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.

During the past year the State has partnered 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 updated version of a similar report that has been published for the past four 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

HIGHLIGHTS

- The average caseload for FY02 was 40% below FY97, the year before welfare reform was implemented.
- In December of 2002, the caseload dropped 52% below the historic high in April of 1994.
- In FY02, the percent of Alaska's population on welfare declined to approximately 3.1%, down from 6.2% in FY94.
- Annual savings in welfare cash benefits reached \$57 million in FY02. The FY03 budget shows a \$49 million state general fund savings due to welfare reform.
- In June of 2002, 32% 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 \$8.73/hr.
- Over \$27 million is invested in FY03 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 \$42 million in five years.
- Denali KidCare provides over 22,000 children from low-income working families with health insurance.
- Child support collections have increased from \$50 million in FY93 to over \$90 million in FY02.

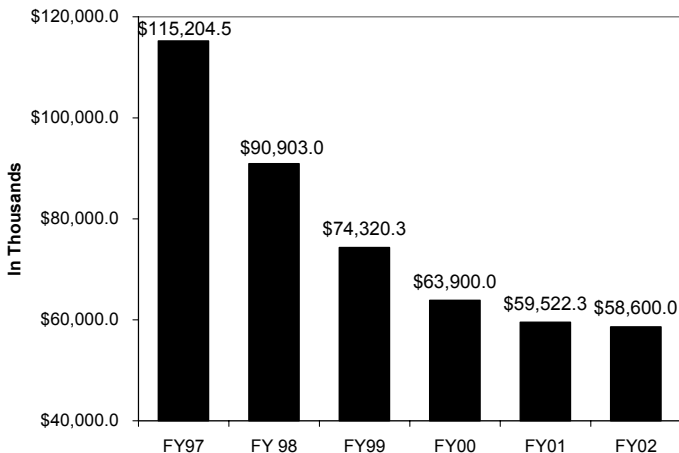
CASELOAD AND SPENDING STILL DECLINING

AFDC/TANF Caseload FY94-FY02



**Welfare Caseload
Down
40%**
(Jul. 96-Jul.02)

Temporary Assistance Cash Benefit Expenditures



**Spending is
Down
\$56.6
Million**
(FY02 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 20 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, ESL, vocational counseling, and job training, retention and advancement programs. 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 to connect welfare reform and employers. It is operated by the Alaska Workforce Investment Board 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 22,000 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.
- Bristol Bay Native Assoc.
- CARTS, Inc.
- Catholic Social Services
- Center for Community
- The Child Care Connection
- Cook Inlet Tribal Council
- HRC, Inc.
- Kodiak Area Native Association
- Love INC
- Maniilaq Manpower
- MASCOT
- Metlakatla Indian Community
- Nine Star Enterprises
- SE Regional Resource Center
- Tanana Valley Community College
- U of A – Adult Learning Center
- Alaska Legal Services

To hire a worker
call
888 838-JOBS

EVALUATION

LONG TERM RECIPIENT STUDY: A comprehensive study of 373 long-term welfare recipients has found that most possess a strong work ethic and that many are working. But work is often low paying, part-time or seasonal, and not sufficient for the family to reach self-sufficiency. The study assessed those who have received welfare for at least 41 months. Highlights:

- Thirty-five percent were

currently working, and 55% had worked within the past year;

- The average wage for people who had worked was \$8.57/hour but few worked regular, full-time hours;
- Half of those surveyed did not finish high school;
- Health problems, serious disabilities, lack of job skills and transportation problems were frequent challenges to working;

- Thirty-two percent of respondents reported a mental health problem; 50% reported having been treated for depression;

- Over 80% agreed people on welfare should be required to work.

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.

REAUTHORIZATION: While funding has been extended through March of 2003, Congress continues to debate reauthorization of the federal welfare reform law.

Topics of discussion include an increase in the number of hours a parent must work—from the current 30 hours per week to 40 hours per week, the role of training and education, and mandates to invest state TANF funds in marriage promotion and faith-based initiatives.

Retaining current federal funding levels and keeping state program flexibility are also important issues for both the state and Native TANF programs. Adequate funding and the flexibility to build effective programs has been key to helping families transition from welfare to work.

While five 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.

PERFORMANCE-BASED SERVICES:

The Division's new performance-based service system has shifted emphasis from how we process our work, to the desired outcomes of the work we do - getting people into jobs so they can support their families. Outcome-based community service contracts have been put into place and specific performance measures developed for both DPA staff and community service providers. Site reviews to address low performance and identify best practices have begun, and incentive payments for exceptional performance are being discussed.

JOB START: BUILDING BUSINESS & OPPORTUNITY

Work and on-the-job development of knowledge and skills are the most effective means of helping people transition from reliance on public assistance to economic self-sufficiency. However, in many parts of

the state it is difficult for small businesses to grow new jobs. Job Start is a wage supplementation program designed to link Temporary Assistance clients with new jobs in their community and to subsidize the wages paid by their employer to support growth of the business.

Job Start participants will, in lieu of receiving cash assistance, get a job and receive a paycheck. Participating employers receive the equivalent of the employees cash assistance benefit to subsidize the new employee.

Job Start promotes economic development and self-sufficiency among Alaskan families by invigorating the public-private workforce partnership, providing opportunities to improve job skills, employability and to establish work histories, and guaranteeing that work pays for Job Start participants.

Job Start can be the next best chance for small businesses and Temporary Assistance job seekers to grow and succeed.

This report was produced by the:
Department of Health and Social Services
 Joel Gilbertson, Commissioner
Division of Public Assistance
 Anthony Lombardo, Director
 For additional copies, please call 907-465-3347

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